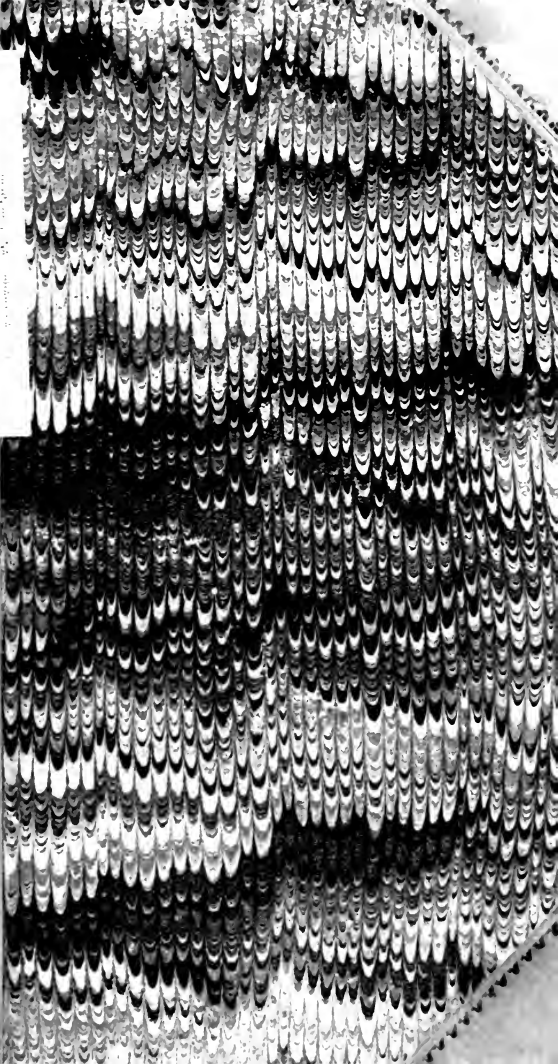


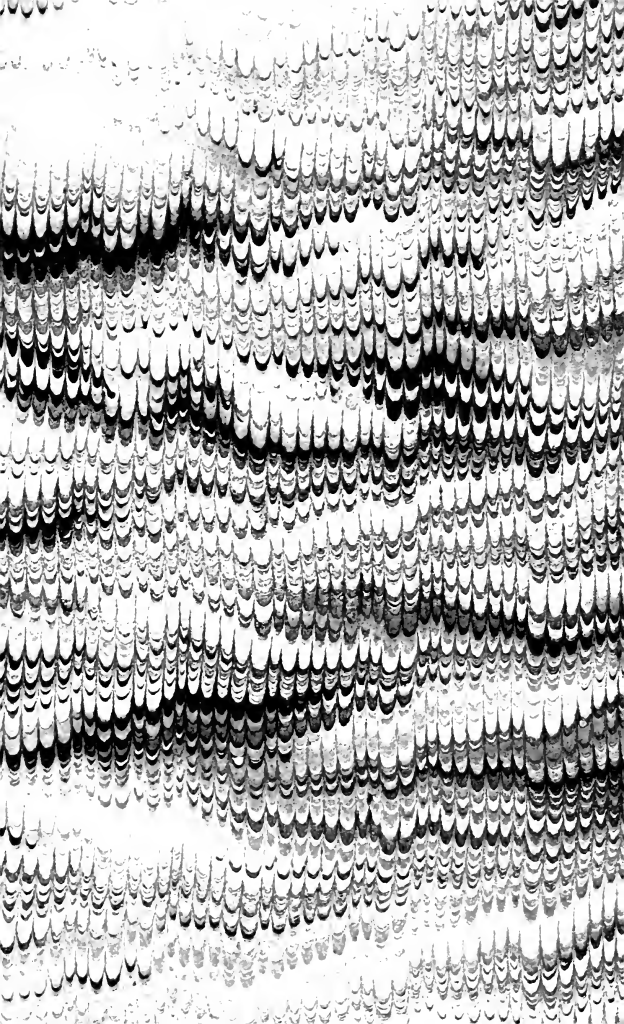
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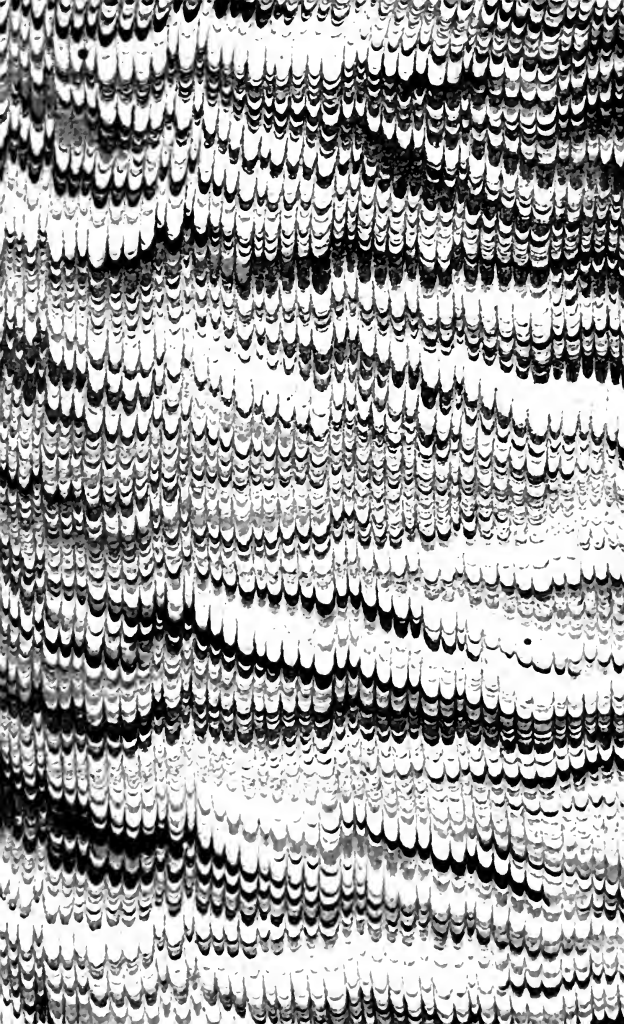
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THE HISTORY
OF
BRITISH COMMERCE.

From the Earliest Times.

REPRINTED FROM
THE PICTORIAL HISTORY OF ENGLAND;
WITH CORRECTIONS, ADDITIONS,
AND A CONTINUATION TO THE PRESENT DAY.

By GEO. L. CRAIK, M.A.

IN THREE VOLUMES.—VOL. III.

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HISTORY

OF

BRITISH COMMERCE.

CHAPTER X.

THE FIRST QUARTER OF A CENTURY OF THE REIGN OF
GEORGE III. A.D. 1760—1785.

OUR modern system both of manufactures and trade, in most of its leading branches, may be regarded as taking its rise from the commencing portion of the reign of George III. Indeed, in our national history, generally, in our political as well as in our social system, what precedes that reign is, for the most part, for us of the present hour a yesterday which has run its course. Yet, in the progress of our industry as well as of our politics, the quarter of a century we are about to review was but the dawn of the busy day in the full light of which we now live and move.

The war with France and Austria, commonly called the Seven Years' War, lasted for little more than two years after the accession of George III., on the 25th of October, 1760; the preliminaries of peace having been signed at Fontainebleau on the 3rd of November, 1762. And, notwithstanding the accession of Spain to the family confederacy against England ten or twelve months before the termination of hostilities, the course of success in our military operations both by sea and land, in the midst of which the late king died, was kept up with little abatement to the end of the contest. Nor had the war at any time, except very slightly during the first year or two, checked the progress of our foreign trade; at least, the annual value of our exports had continued to increase

every year from 1757 to the end of the reign of George II.; and so also had the tonnage of the ships cleared outwards, although that item had not even by the end of the year 1760 quite recovered the amount at which it stood ten years before. The increase both of exports and of shipping went on for the first year after the accession of George III.; the estimated official value of the exports from the whole of Britain for 1760 having been 15,781,175*l.* (including 1,086,205*l.* from Scotland); and for 1761, 16,038,913*l.* (including 1,165,722*l.* from Scotland); and the tonnage of ships cleared outwards, which in 1760 had been 647,478 tons (including 107,237 foreign), having in 1761 become 704,755 (including 122,735 foreign). In 1762 the war with Spain seems to have had a depressing effect in some small degree; the value of the exports having fallen that year to 14,543,336*l.* (including 998,165*l.* from Scotland); and the tonnage of ships cleared outwards to 668,370 tons (including 124,926 foreign.* But this slight falling off was soon recovered from.

To obtain a general view of our foreign trade at the commencement of the reign of George III. we may turn to the official account of the exports and imports for the year 1761. In that year, as we have seen, the estimated official value of our exports to all parts of the world was 16,038,913*l.*: that of our imports was 10,292,541*l.* In these sums are included exports to Ireland to the value of 1,642,396*l.* and imports thence to that of 955,796*l.*; exports to Guernsey and the other Channel Islands, 54,558*l.*, and imports thence, 91,560*l.*; an inconsiderable trade between Scotland and the Isle of Man; an export of British and Irish linens on bounty to various countries, to the amount of 154,550*l.*; and prize goods exported, 195,164*l.*; imported, 248,702*l.* The European coun-

* We take these figures from the "Chronological Account of Commerce," inserted opposite to p. 315 of Chalmers's "Estimate of the Comparative Strength of Great Britain," edition of 1812. They include, it will be observed, the clearances and exports from Scotland as well as from England. The statement given in last Chapter, vol. ii, p. 202, refers to England only.

tries with which the greatest trade was at this time carried on were Holland, the value of our exports to which was 2,682,165*l.*, and that of our imports thence, 524,109*l.*; Germany, to which we exported to the value of 2,331,998*l.*, importing thence to that of 716,746*l.*; Portugal, to which our exports amounted to 1,266,171*l.*, and our imports thence to 250,167*l.*; and Italy, to which we sent goods to the value of 203,635*l.*, receiving back others to that of 761,916*l.*; besides sending to the value of 389,577*l.* to the Mediterranean or the Straits, and bringing back thence to the value of 103,628*l.* There was also a small trade, principally export, with Madeira and the Canaries. To Flanders we exported at this time to the amount of 425,130*l.*, but the value of our imports from that country was only 30,546*l.* To Russia, on the contrary, our exports amounted only to 47,718*l.*; but we imported thence to the value of 843,185*l.* There was also a small trade carried on from Scotland with Poland and Prussia, principally import; and from England there was a trade with the East Country, under which name we are probably to consider both Prussia and Poland to be comprehended, consisting of exports thither to the value of 202,254*l.*, and imports thence to that of 133,536*l.* Our exports to Denmark and Norway were 155,240*l.*, our imports from those countries 103,663*l.*; our exports to Sweden 26,126*l.*, our imports thence 298,750*l.* With Turkey we carried on an export trade to the amount of 54,282*l.*, and one of imports to that of 163,366*l.* With France our commercial intercourse was of course at this date still more limited than usual; the value of our exports to that country is set down in the account at 177,393*l.* (of which 102,951*l.* consisted of exports from Scotland), that of our imports thence at only 480*l.* There was a small trade with some other places—with Greenland, with Iceland, with Venice, to which last our exports amounted to 26,367*l.*, and our imports thence to 15,229*l.*; and a sum of 54,576*l.* is set down under the head of exports to Belle-isle, being, we suppose, the cost of the warlike stores expended in the capture of that island. The value of our exports to the

East Indies is estimated at 845,797*l.*; that of our imports thence at 840,987*l.* And to Africa we sent 327,007*l.* worth of goods, bringing back produce to the value of 12,201*l.* But even already, by far our largest trade was that which we carried on with our own possessions and colonies across the Atlantic. The total official value of our exports to North America and the West Indies in 1761 was 3,330,371*l.*; and that of our imports thence, 3,726,261*l.* Of the exports to the value of 304,527*l.*, of the imports to that of 379,662*l.* (about a tenth part in either case), is set down to the share of Scotland: the English exports and imports are distributed as follows:—to Hudson's Bay, Newfoundland, Cape Breton, Quebec, and Nova Scotia, exports 349,524*l.*; imports thence, 50,689*l.* (the exports to Quebec alone being 226,292*l.*, while the imports thence are only 14,015*l.*): to New England, New York, and Pennsylvania, exports 827,863*l.*; imports thence, 134,043*l.*: to Virginia, Maryland, Carolina, and Georgia, exports, 824,218*l.*; imports thence, 713,850*l.*: to Jamaica, exports, 441,618*l.*; imports thence, 932,197*l.*: to Guadaloupe, exports, 131,942*l.*; imports thence, 482,179*l.*: to St. Christopher's, exports, 134,069*l.*; imports thence, 294,850*l.*: to Barbadoes, exports, 215,479*l.*; imports thence, 253,900*l.*: to Antigua, exports, 108,244*l.*; imports thence, 280,869*l.*: and to the remaining West India Islands—Bermuda, Montserrat, Nevis, New Providence, St. Croix, St. Thomas, Tortola, Monte Christi, and St. Eustathius—exports, 56,803*l.*; imports thence, 203,319*l.* (the excess of imports being chiefly from Montserrat, Nevis, and Tortola). On the whole, therefore, it appears that at this time North America (including the West India Islands), Ireland, the East Indies, Italy, Germany, Russia, Holland, and Spain, were, in that order, the countries from which our largest imports were drawn; and that our chief export trade was to America, Holland, Germany, Ireland, Spain, Russia, the East Indies, Flanders, and Africa.

The considerations, now familiar to all thinkers on such subjects, which show how purely imaginary and absurd was the notion, long generally entertained, that any

particular foreign trade was profitable or the reverse simply according to whether the money-value of the exports exceeded or fell short of that of the imports, need not be further adverted to. But, without reference to this question, it may be right to explain that the official statement of the value of exports and imports is, for various reasons, far from affording a perfectly clear or complete view of the actual condition of our foreign commerce. In the first place, the prices according to which what are called the official values are calculated are those originally fixed when the office of inspector-general of imports and exports was instituted in 1697; so that the sums of money in the table do not really indicate either the value or the quality, but only the quantity, of the goods brought into and sent out of the country. For instance, Irish linens are all rated at only 8*d.* a-yard, which is believed to have been little more than half their actual average price at the beginning of the reign of George III. Money, again, is not entered at all, neither cash nor bills of exchange.* Of course the account takes no cognizance of goods imported or exported clandestinely, or without the payment of the duty. On the other hand, it includes among the exports all articles sent abroad for the use of the army in any part of the world, and also all cargoes which were lost at sea or captured. Further, the exports in some cases are not sent directly to the country for which they are finally destined, nor do the returns always find their way back to the country of which the article imported was the produce. "Thus," observes Macpherson, writing about the beginning of the present century, "the wines of Madeira are sent to the British settlements in the East and West Indies; and, even if intended for Britain, are often carried by the circuitous route of those distant regions before they are brought home. The bulk of the cargoes from Africa

* Till the year 1765, however, gold and silver carried abroad used to be entered in the custom-house books under the head of exports, as foreign gold and bullion. This item is omitted in the abstract of the account for the year 1761, given in the text, as it has been in the original accounts since 1764, and as the money imported always was.

consists of the miserable natives, who are sold in the West Indies; and the proceeds are generally remitted to Great Britain in bills of exchange, which do not appear at all in the custom-house books. And in like manner most of the cargoes carried from Newfoundland and the adjacent countries consist of fish, which never come to Great Britain, but are sold in Spain, Portugal, and other Roman Catholic countries, and their proceeds also brought home in bills of exchange."* It was not till the year 1798 that an account began to be taken at the custom-house of the real value of cargoes, founded on the declarations of the owners.

The trade with Ireland, it will be observed, was reckoned a foreign trade at the time of which we are now speaking, as indeed it continued to be down to our own day. The general trade of Ireland, notwithstanding many restrictions, designed for the benefit of the English producer and manufacturer, had been steadily increasing ever since the Revolution, and was three or four times as great at the accession of George III. as it had been at the commencement of the century. For the ten years ending with 1710, the average annual value of the imports of Ireland was 513,657*l.*, of the exports 553,023*l.*; for the next ten years, ending with 1720, the average of the imports was 852,905*l.*, of the exports 1,126,670*l.*; from 1720 to 1730 the annual imports were 856,936*l.*, the exports 1,019,809*l.*; from 1730 to 1740, the imports were at the rate of 885,044*l.*, the exports at that of 1,190,253*l.*; from 1740 to 1750 the imports were 1,123,373*l.*, the exports 1,485,110*l.*; and from 1750 to 1760 the imports averaged 1,594,164*l.*, the exports 2,002,354*l.* Of this trade very nearly two-thirds consisted of that carried on with Britain; the annual average of the imports from England and Scotland alone in the last decennary period having been 1,015,306*l.*, and that of the exports thither 1,274,569*l.*; leaving only 578,858*l.* for the imports from, and 727,784*l.* for the exports to, all other parts of the world. It appears from this state-

* Annals of Commerce, iii. 343. See also the above observations on the official tables of exports and imports illustrated at pp. 340—344.

ment that the export trade of Ireland, on the whole, considerably exceeded her import trade. The reverse was the case, however, in her trade with Norway, Denmark, Sweden, and the East Country. The import of claret from France also often exceeded the export of beef and pork to that country; and there was sometimes in like manner an excess of imports from Holland and Flanders.*

Of the conquests made by this country in the latter years of the war, Canada, which was retained at the peace, was one the possession of which immediately gave some extension to our trade. Soon after the acquisition of this vast region, large orders for furs began to be forwarded to England from Flanders, and even from Russia. In 1762 also, we are told, the produce of the newly captured island of Martinique imported into Great Britain exceeded that of any one of our other West India islands, with the exception only of Jamaica and Guadaloupe, the latter also a recent conquest from France; "and the returns of its commerce were more extensive than those of our trade with Denmark and Norway, with Sweden, or with Spain."† But both Martinique and Guadaloupe were restored to France at the peace. Grenada and its dependencies, however, were retained; and St. Vincent, Dominica, and Tobago were also ceded in full sovereignty to Great Britain. Of these last acquisitions, Dominica in particular soon became a possession of great value. In the East, Manilla and the other Philippine Islands were taken from Spain in the latter part of the year 1762; but they were given back at the peace, which was concluded before their capture had been heard of in Europe. The Havannah was also restored, after a considerable trade had been carried on with it during the short time it was in our hands.

Among our continental possessions in the New World, South Carolina continued to maintain the rate of progress in the cultivation and export of rice, indigo, and

* Lord Sheffield's *Observations on the Manufactures, Trade, and Present State of Ireland*. 3rd edit., 1792.

† Macpherson, *Annals*, iii. 353.

other produce, by which it had been distinguished for the preceding twenty or thirty years. The export of rice from this province, from November, 1760, to September, 1761, was 100,000 barrels, and that of indigo 399,366 lbs.; besides 236,850 staves, 29,600 hoops, 522,167 shingles, and 466,186 feet of other timber, boards, &c.; and some small quantities of pitch, tar, turpentine, oranges, pork, Indian corn, deer-skins, tanned leather, and other produce. Even the recently founded colony of Georgia sent home to the mother country, in the year 1762, 7460 barrels of rice, 9633 lbs. of indigo, 359,002 pieces of staves and heading, 10,500 hoops, 688,045 shingles, and 417,449 pieces of pine timber. Yet Macpherson remarks that the whole goods then exported in a year from Georgia to Great Britain were not equal in value to the quantity of cotton which at the end of the century sometimes arrived from that country in one consignment to a single London merchant.*

Another American region with which we now carried on a small trade was the Mosquito shore, on the east coast of the isthmus between the two continents. "From the year 1759 to 1762," it is stated, "the Mosquito shore was inhabited by 203 white people (the detachment of 30 soldiers included), with 189 free mestees† and mulattoes, about 3000 Mosquito Indians, and 914 negro slaves; in all 4306 souls, besides the friendly Indians on the back part of the country. The imports of British commodities, on an average amounting to 18,500*l.* a-year, and the exports to 30,792*l.*, employed 1150 tons of shipping and 115 seamen."‡ The exports from this coast, besides great quantities of turtle-shell, were mahogany, sarsaparilla, silk-grass, honey, bees'-

* Annals, iii. 364.

† A mestee is, strictly, the issue of a mulatto and a white who is three quarters white and one quarter negro. The term, however, is used for any person of mixed breed, whether the produce of a white and an Indian or of a white and a negro.

‡ Report of Mr. Jones to the Governor of Jamaica, quoted by Macpherson, Annals, iii. 354.

wax, deer and leopard skins, hammocks of cotton and silk-grass, and cotton cloths called cavalleys for covering beds and tables, which the Indians fabricated of considerable fineness of texture, and dyed with stripes and figures of various colours. This was a new kind of industry among the honest Mosquito Indians, who in Dampier's time, eighty years before, were without manufactures of any kind, employing themselves only in catching turtle and cultivating a few yams and potatoes.*

The lottery of the whale-fishery, notwithstanding the little success with which the trade had been prosecuted for many years, still continued to attract adventurers; but in 1762 sixteen English ships brought home only nine fish, and fourteen from Scotland no more than five. Of the English whalers, seven belonged to London, four to Newcastle, two to Hull, two to Liverpool, and one to Exeter; of the Scotch, Dunbar owned three, Dundee, Borrowstowness, and Anstruther each two, and Leith and Aberdeen one each. This same year one hundred and fifty-four Dutch ships caught only forty-three fish. Efforts, however, began about this time to be made with some success by British enterprise to secure a greater share of the fishery on our own northern coasts, which the Dutch had for a long time nearly monopolized. In 1761 the Dutch had one hundred and fifty-two vessels employed in their herring-fishery on the coasts of Scotland and Shetland, besides one hundred and twenty-two in that on the coast of Iceland; while the Scots had only seventeen vessels, measuring seven hundred and forty-five tons, and carrying one hundred and seventy-four men. Yet this was the greatest outfit that had been made from Great Britain for many years. Next year, however, it is stated that the success of the British herring-fishery on the coast of Shetland exceeded that of the Dutch, and the British yaggers reached the first markets at Hamburg and Bremen, though the Dutch

* See Dampier's interesting description in his *First Voyage*, pp. 6 *et seq.*

vessels, as usual, still greatly exceeded ours in number.* An association for the prosecution of this branch of trade had been lately incorporated under the name of the Society of the Free British Fishery, in pursuance of an act of parliament passed in 1750, and several subsequent acts explaining and extending its provisions, by which also certain bounties had been granted upon the shipping employed in the trade. The subject had excited a great deal of interest ever since the peace of Aix-la-Chapelle. It was first brought forward in the House of Commons on the 8th of February, 1749, when a Committee was appointed, upon whose report it was soon after resolved by the House that the carrying on the British herring and cod fisheries would be of eminent advantage to the trade and navigation of the kingdom, and was an object highly worthy the consideration of parliament, and deserving proper encouragement. A bill was brought in pursuant to this resolution, which was read twice, but was lost by the prorogation of parliament before the day on which it was ordered to be committed. The affair, however, was resumed the following session,† having in the mean time been eagerly discussed out of doors in numberless pamphlets, as well as in all the magazines and newspapers. "Some facts," says Tindal, "were now laid before the parliament which exasperated the public more than ever against the Dutch. For the corporation of Southwold and the inhabitants of Lowestoff, both in Suffolk, and both places subsisting by the fishing-trade, informed the House by petition that the Dutch had, for about eight years past, fished so near the shore that their nets swept upon the ground, and thereby prevented the petitioners from fishing, as a hundred Dutch fishing vessels at a time have been anchoring in their bay in two or three fathoms water; and that, when the petitioners complained of their foul fishing, they threatened to

* Macpherson, *Annals*, iii. 357.

† But Anderson (iii. 275) and Macpherson (iii. 275) are mistaken in their assertion that the consideration of this subject was recommended in the king's speech on opening the session in November, 1749.

run over and sink their boats, or tear their nets. The petitioners from Lowestoff had the same complaints, but against the French as well as the Dutch." The minister, Mr. Pelham, although professing himself a friend to the object in regard to which the national expectation had been wrought to so high a pitch, apprehensive of the effect the petitions might have in exasperating the public feeling against the Dutch, endeavoured to ward off the discussion of the subject on the plea that it ought first to have been submitted to his majesty in council; but notwithstanding his opposition the petitions were referred to a committee, on whose report, presented by their chairman, General Oglethorpe, the bill, establishing the system of bounties, was ordered to be brought in, which was eventually passed into a law. "It is incredible," continues Tindal, "with what ardour the news of this bill passing was received by the public. It had been patronized and promoted by men of the greatest property and popularity in the kingdom; and Admiral Vernon, who at this time professed himself to be an enemy to the Dutch, made a voyage to Holland on purpose to make himself master of the manner of their carrying on the fisheries and curing their fish. The bill was no sooner passed than there was a general meeting of the persons named in the act of parliament for encouraging the British white-herring fishery, pursuant to an order of the lords of the treasury, the king being then abroad. At this meeting the Prince of Wales was chosen governor, Slingsby Bethel, Esq., president, and Stephen Theodore Janssen, Esq., vice-president, both of them aldermen of London. Thirty gentlemen, most of them members of parliament, at the same time were chosen as the council, and were approved of by the lords of the regency, to whom their names were presented in terms of the act of parliament. The charter for establishing them into a society being passed, the Prince of Wales was presented with it at Fishmongers' Hall, to which he went in great state, and [it was] accepted of by him as their governor." By a subsequent act, passed in 1757, the bounty on the shipping employed by the company was

increased from 30s. to 50s. per ton. It is admitted, however, by Anderson, that the success of the measure had not answered "the expectations of the worthy promoters of it;" and he contents himself with expressing a hope that further trials may prove more fortunate. But the opinion, in fact, soon began to be entertained that the system of an incorporated society was after all not the best for carrying on such a business as this. "It is, indeed," says Anderson, "extremely difficult to beat another nation out of a trade they have so long prospered in, even with the above great encouragement from the public, and more especially so frugal a people as the Dutch, who can content themselves with smaller gains than other nations, *and carry on the fishery every one on his own private bottom.*" Another bill was passed in 1762, "For the better supplying the cities of London and Westminster with Fresh Fish," founded upon a plan for bringing fish from the coast to the metropolis by land-carriage, which had been suggested by Mr. Tull, the son of the founder of the horse-hoeing system of husbandry, and for carrying which into effect a sum of 2000*l.* was advanced by the Society for the Encouragement of Arts, Manufactures, and Commerce. But this scheme also proved unsuccessful, Anderson tells us, "from the powerful, wealthy, and interested combination of the fishmongers to oppose it." Macpherson seems to state that even in his day the Dutch annually received from this country "the enormous sum of 100,000*l.* for the single article of turbot, and also large sums for other species of fish." "The Norwegians," he adds, "also carry off large sums for lobsters and crabs." *

The most important commercial consequence of the peace of 1763 was the nearly complete expulsion of the French and Spaniards from North America, through the cession of Canada by the former, and of Florida by the latter. "Though many islands," Macpherson also remarks, "taken from the enemy in the West Indies were restored, yet Great Britain retained at the peace a number

* Annals, iii. 348.

of newly acquired islands; perhaps more than the population and capital of the mother country were capable to people and cultivate immediately without some inconvenience. The arrangements in Asia were very favourable to our East India Company. And in Africa we obtained the exclusive trade in gum Senegal, an article of great use in many manufactures. Nor was the increased demand which the settlement of the new tropical territories would occasion for negro slaves neglected by the advocates for the terms of the peace in enumerating the advantages resulting from it.”*

Soon after the peace a report was made to the king by the board of trade on the commercial advantages to be expected from our new territorial acquisitions, in which it was observed that, since the coasts of the river and gulf of St. Lawrence, and of the islands in the latter, from which we had been excluded by the treaty of Utrecht, had fallen into our hands, the capture of whales, sea-cows, seals, &c., had already come to be carried on by British subjects to a greater extent than it ever had been by the French. The islands of St. Pierre and Miquelon, however, which France retained, although they could never be made the seat of any considerable fishery openly carried on, might become the nests of a very injurious contraband trade, if not vigilantly watched. The extensive trade with the Esquimaux for oil and furs, hitherto enjoyed by the French, would now, it was further remarked, fall to be monopolized by us in consequence of the annexation of Labrador to the government of Newfoundland. The command of the great lakes communicating with the St. Lawrence had hitherto, it was asserted, been assumed by the French in violation of the express stipulations of the treaty of Utrecht; and the effect had been to shut us out from all share in the fur trade, with the exception of that carried on by the Hudson's Bay Company, and some trade in skins in the provinces of New York and Carolina. But now the subjects of Great Britain, being relieved from the interruptions of

* *Annals*, iii. 368.

the French and the French Indians, would, it was predicted, carry on this trade to an extent hitherto unknown, and so as to create a large demand for our home manufactures. Another advantage to be looked for from the possession of these northern regions would be found in the prodigious stores of wood they contained, suitable as well for masts to the royal navy as for boards, staves, &c., so necessary in our sugar colonies. Florida, again, was represented as capable of producing indigo, silk, and many other tropical productions; and from the newly acquired islands in the West Indies was anticipated a great increase of coffee, sugar, cotton, and other tropical produce, of which, it was remarked, our old islands scarcely afforded a sufficiency for our increased and increasing consumption.* Macpherson states that the part of this report which respected the fishery in the Gulf of St. Lawrence was confirmed by the success of the New England whale-fishers, "who in the year 1761 employed in it ten vessels of about one hundred tons, in 1762 fifteen, and in 1763 above eighty vessels; whereupon the increase of the quantity of whalebone imported from New England to Britain reduced the price of that article from 500*l.* to 350*l.* a ton."

A view of the leading particulars of the greatest branch of our trade, that carried on with our colonies on the North American Continent, immediately after the termination of the Seven Years' War, may be obtained from the act for granting duties in the colonies, passed in 1764, the first of the series of unfortunate attempts to raise a revenue by American taxation. The following were the imports to the colonies which were taxed by this act, and the duties directed to be levied upon them:—White or clayed sugar, the produce of foreign colonies, 22*s.* per cwt. over and above all former duties; indigo of foreign growth, 6*d.* per lb.; coffee, not from Great Britain, 59*s.* 9*d.* per cwt.; wine from Madeira, or any other island whence wine might lawfully be imported, 7*l.* per tun; wine of Portugal or Spain, or any other wine except French, imported from Great Britain, 10*s.*

* See Abstract of the Report in Macpherson, iii. 372.

per tun; silk, or stuff mixed with silk, made in Persia, China, or India, imported from Britain, 2s. per lb.; calico made in Persia, China, or India, imported from Britain, 2s. 6d. per piece; cambric, foreign made, and French lawn, imported from Britain, 3s. per piece. It is to be observed that the commodities thus taxed when imported from Britain were not permitted to be introduced into the colonies at all from any other part of the world. That restriction was a principal part of the system of the navigation laws. At the same time the duty of 6d. the gallon upon the importation of molasses and syrups, the produce of foreign colonies, which is stated to have been generally eluded, was reduced to 3d. The only new export duties laid on by the act were a duty of 7s. per cwt. on coffee, and another of $\frac{1}{2}$ d. per lb. on pimento, the produce of British islands, when shipped for any other place than Great Britain. And the importation of any description of sugar into Ireland from the colonies was strictly prohibited: that country was only allowed to receive its supplies direct from Great Britain. The immediate effects of this measure upon the American trade are very well summed up by Macpherson in the following passage:—"The old northern colonies in America, it is well known, have very few articles fit for the British market: and yet they every year took off large quantities of merchandise from Great Britain, for which they made payments with tolerable regularity. Though they could not, like the Spanish colonists, dig the money out of their own soil, they found means to make a great part of their remittances in gold and silver dug out of the Spanish mines. This they effected by being general carriers, and by a circuitous commerce, carried on in small vessels, chiefly with the foreign West India settlements, to which they carried lumber of all sorts,* fish of an inferior quality, beef, pork, butter, horses, poultry, and other live stock, an inferior kind of tobacco, corn, flour, bread, cider, and

* "Boards and timber for building, cypress wood, shingles, staves, heading and hoops for casks, masts and other spars, and ship-timber pass in America under the general name of *lumber*."—*Macpherson*, iii. 163, note.

even apples, cabbages, onions, &c. ; and also vessels built at a small expense, the materials being almost all within themselves ; for which they received in return mostly silver and gold, some of which remained as current coin among themselves ; but the greatest part was remitted home to Britain, and, together with bills of exchange generally remitted to London for the proceeds of their best fish sold in the Roman Catholic countries of Europe, served to pay for the goods they received from the mother country. This trade united all the advantages which the wisest and most philanthropic philosopher, or the most enlightened legislator, could wish to derive from commerce. It gave bread to the industrious in North America, by carrying off their lumber, which must otherwise rot on their hands, and their fish, great part of which without it would be absolutely unsaleable, together with their spare produce and stock of every kind ; it furnished the West India planters with those articles without which the operations of their plantations must be at a stand ; and it produced a fund for employing a great number of industrious manufacturers in Great Britain ; thus taking off the superfluities, providing for the necessities, and promoting the happiness of all concerned. This trade, however, was almost entirely ruined by the rigorous execution of the new orders against smuggling, and the collection of the duties in hard silver, which soon drained the country of any little real money circulating in it. And, as if government had intended to prevent the colonists from having even the shadow of money, another act was passed, in a few days after that, for the new duties, declaring that no paper bills to be henceforth issued should be made a legal tender in payment, and enjoining those in circulation to be sunk (that is, paid off in hard money) at the limited time.* An end was also now put to a commercial intercourse which, though forbidden by the laws of both countries, had long been carried on with mutual advantage between our West India islands, Jamaica especially, and the

* Annals, iii. 298.

Spanish colonies of the neighbouring continent, from which small coasting-vessels were wont, along with cargoes consisting of mules and other cattle, cochineal, indigo, and medicinal drugs, to bring over gold and silver, both coined and uncoined, to a considerable amount, purchasing therewith linens, calicoes, and numerous other articles of British manufacture. This trade "is sufficiently known," says the historian of the West Indies, "to have been formerly an intercourse of vast extent, and highly advantageous to Great Britain, having been supposed to give employment, about the beginning of the present [the eighteenth] century, to 4000 tons of English shipping, and to create an annual vent of British goods to the amount of 1,500,000*l.* in value. From the wretched policy of the court of Spain towards its American subjects, by endeavouring to compel them to trust solely to the mother country for almost every article of necessary consumption, at the very time that she was incapable of supplying a fiftieth part of their wants, it is not surprising that they had recourse, under all hazards, to those nations of Europe which were able and willing to answer their demands. It was in vain that the vessels employed in this traffic by the English and others were condemned to confiscation, and the mariners to perpetual confinement and slavery; the Spanish Americans supplied the loss by vessels of their own, furnished with seamen so well acquainted with the several creeks and bays as enabled them to prosecute the contraband with facility and advantage. These vessels received every possible encouragement in our islands; contrary, it must be acknowledged, to the strict letter of our acts of navigation; but the British government, aware that the Spaniards had little to import, besides bullion, but horned cattle, mules, and horses (so necessary to the agriculture of the sugar colonies), connived at the encouragement that was given them. The trade, however, has been for many years on the decline. Since the year 1748 a wiser and more liberal policy towards its American dominions seems to have actuated the court of Madrid, and the contraband traffic has gradually lessened in proportion as the rigour of the

ancient regulations has been relaxed. Nevertheless the intercourse with this island [Jamaica] in Spanish vessels was still very considerable so late as the year 1764. About this period directions were issued by the English ministry to enforce the laws of navigation with the utmost strictness; and custom-house commissions were given to the captains of our men of war, with orders to seize all foreign vessels, without distinction, that should be found in the ports of our West India islands,—a measure which, in truth, was converting our navy into *guarda costas* for the King of Spain. In consequence of these proceedings, the Spaniards, as might have been expected, were deterred from coming near us, and the exports from Great Britain to Jamaica alone in the year 1765 fell short of the year 1763 168,000*l.* sterling.”* The Rockingham ministry, which came into power in July, 1765, endeavoured to remedy the mistake of their predecessors by sending out orders to Jamaica and the other islands that Spanish vessels should be admitted as usual;† but the effects which had already been produced by the suspension of the trade, and the public discussion of the subject in parliament, had by this time so far enlightened the prejudices of the Spanish court as to induce that government, with the view of counteracting our policy, to permit the exportation of goods of all kinds from its continental colonies to its own islands of Trinidad, Porto-Rico, Hispaniola, and Cuba, on the payment of very moderate duties. Edwards is of opinion, however, that the superior quality or greater cheapness of British manufactures would still in no long time have brought us back a considerable portion of our former trade, had it not been for another act passed in 1766, by which the ports of Jamaica and Dominica were opened to all foreign vessels whatsoever of a certain description. He admits that this new measure was well intended; but its effects, according to his account, were very deplorable. “By an unfortu-

* Edwards, History of British West Indies (edit. of 1793), i. 238.

† Macpherson is mistaken (Annals, iii. 404) in placing these orders under the year 1764.

nate oversight," he says, "the collectors at the several British free-ports were instructed to keep regular accounts of the entry of all foreign vessels, and of the bullion which they imported, together with the names of the commanders. These accounts having been transmitted to the commissioners of the customs in England, copies of them were by some means procured by the court of Spain, and the absolute destruction of many of the poor people who had been concerned in transporting bullion into our islands was the consequence. This intelligence I received soon afterwards (having at that time the direction of the custom-house in Jamaica) from a very respectable Spanish merchant, who produced to me a letter from Carthagena containing a recital of the fact, accompanied with many shocking circumstances of unrelenting severity in the Spanish government. Information of this being transmitted to the British ministry, the former instructions were revoked, but the remedy came too late; for what else could be expected than that the Spaniards would naturally shun all intercourse with a people whom neither the safety of their friends nor their own evident interest was sufficient to engage to confidence and secrecy?"*

But meanwhile on the continent of North America the new duties, and the measures taken to restrict or put an end to the trade that had been so long carried on with the French and Spanish settlements, had begun to produce consequences that had been little anticipated. It was found, in fact, that the extinction of the French and Spanish trade threatened also the destruction or serious curtailment of the trade hitherto carried on with England by the colonies, which, deprived of the accustomed market for the disposal of their produce, were no longer in a condition either to purchase British manufactures to the same extent as formerly, or even to discharge their debts to their correspondents in this country. In such circumstances the superiority of the English wool and the English cloth to anything that had as yet been produced in

* Hist. of West Indies, i. 240.

America was of no avail ; the Americans were forced back upon their own resources—were compelled to content themselves in the mean time with the comparatively coarse produce of their own sheep and their own looms, and were set in spite of themselves upon establishing native manufactures. Associations were entered into in the different provinces for dispensing with English broad-cloth for mourning and other purposes ; and the spirit thus generated speedily extended itself to other objects than that originally contemplated, raising in the minds of the colonists the new feeling that they were Americans rather than Britons, or at least that, if they were not Britons, they were still Americans. Things were in this state when a new and still more irritating stimulus was given to the commencing inflammation of the public mind by the famous Stamp Act, one of the last measures of the Grenville administration, which received the Royal Assent on the 22nd of March, 1765, and was to come into operation on the 1st of November thereafter. The preceding act imposing port duties had in that only done the same thing that had been repeatedly done before by the British Parliament, and always quietly submitted to by the colonists, who had never affected to dispute their subjection, like the rest of the empire, to the navigation laws, and to whatever commercial regulations were deemed expedient by the imperial legislature for the maintenance of that system ; the only novelty in the act of 1764 was that the export and import duties thereby imposed were declared to be for the raising of a revenue. “ This act,” to quote the narrative given by Burke, “ had for the first time the title of ‘ granting duties in the colonies and plantations of America ;’ and for the first time it was inserted in the preamble ‘ that it was *just and necessary* that a revenue should be raised there.’ Then came the technical words of ‘ giving and granting ;’ and thus a complete American revenue act was made in all the forms, and with a full avowal of the right, equity, policy, and even necessity of taxing the colonies without any formal consent of theirs.”* But the vague alarm excited by the mere

* Speech on American Taxation, 1774.

novelty of expression in the port duties act was sharpened into a determined resolution of resistance by the stamp act, which was altogether new, not only in its form or language, but in the nature of the actual taxes which it directed to be levied. It imposed stamp-duties upon all kinds of legal or commercial writings or contracts, pamphlets, newspapers, advertisements, almanacs, cards, dice, &c., throughout the colonies and plantations in America, placing the collection of them under the management of the Commissioners of Stamps in Great Britain. But it proved as utterly inoperative for its purpose as if it had been a law to stamp the waves or fetter the winds. The news of the universal ferment into which it threw the colonies—"the sound of that mighty tempest," as Burke describes it—reached England in the end of October, immediately after the arrangement by Lord Rockingham and his colleagues as above-mentioned, of the business of the Spanish trade. By the 1st of November, of all the stamped paper sent out by the government to America, one small parcel, which the magistrates of New York had consented to take charge of on the express condition that it should not be made use of, was the only portion that remained in the country: the rest had all been seized by the people and committed to the flames. Then was seen the universal obstruction that may be wrought by a law which it is yet impossible to execute. From that day the legal transaction of commercial affairs became impracticable throughout the colonies; all business was necessarily at a stand; the rivers and wharfs were deserted and silent; vessels of all kinds lay crowding the harbours with their colours hoisted half-mast high; the very courts of justice were shut up; all was stagnation and gloom. But before this a new general agreement had been entered into by the merchants to import no more goods from Great Britain, to countermand all orders for goods not shipped before the 1st of January, 1766, and not to receive on commission any goods consigned from Great Britain after that day. A society had also been established at New York for encouraging native manufactures; and the making of linen, of cloth from the wool both of

the sheep and the beaver, of spades, hoes, and scythes, and other iron articles, of spirits, of paper-hangings, &c., was begun to be prosecuted with great ardour and activity. And these efforts of the mercantile and manufacturing community were warmly supported by the people at large; the productions of American industry were bought with avidity; it became the fashion among all classes to appear dressed in the cloth of the country; and it is related that the general zeal for promoting the native woollen manufacture even gave rise to a resolution against eating lamb, or buying meat from any butcher who should kill lambs.*

In this way the edge of the Stamp Act was soon made to press with more severity upon England than upon America. The colonists had to wear coarse clothes, to dispense with some articles of elegance or luxury, and to pay a higher price than formerly for a few agricultural implements of inferior manufacture; but the stoppage of intercourse with the mother country, even if it somewhat deranged the industry of a portion of the people, did not affect their subsistence, nor deprive them of any of the necessities of life. The merchants, again, were actually relieved by the universal suspension of the usual remittances to England. But upon our crowded population, and more artificial system of society, the sudden loss of the greatest branch of our foreign commerce produced a cramp which was soon felt in every part of the kingdom. "The merchants connected with America," we are told, "found themselves unable to fulfil their engagements by the stoppage of the payment of several millions due to them from their American correspondents; the whole system of their business was deranged, and general distress was diffused throughout the wide-spreading circle of their connexions; the manufacturers suffered by the want of general payments from the merchants, and moreover found their materials and made-up goods in a great measure become a dead stock upon their hands; in consequence of which great numbers of their workmen and

* Macpherson, iii. 421.

other dependents were reduced to idleness and want of bread at a time when, to heighten the distress, provisions were extravagantly dear. Petitions were presented from London, Liverpool, Bristol, Lancaster, Hull, Glasgow, and, in a word, from all the trading and manufacturing towns, wherein were displayed in the strongest colours the advantages derived from the trade with America, in the vast and increasing consumption of British manufactures, and also of foreign goods shipped for America, which were paid for with British or American goods; the valuable nature of the returns received from America, being mostly either the materials of our manufactures or of a profitable re-exportation; besides which we annually received large balances in bullion, or bills of exchange, which were in fact the profits made by the colonists in their trade with other countries, poured into the general mass of British wealth: and it was observed that many thousands of manufacturers, labourers, and seamen, employed in the various operations of that extensive commerce, must now be thrown destitute, or driven into the service of other nations."* These representations may not have been free from over-statement or high colouring in some particulars; but there can be no doubt either as to the existence of the general inconvenience and distress which they set forth, or as to its being mainly attributable to the interruption of the usual trade with the colonies. But, although much evidence upon that head was brought forward in the course of an inquiry which occupied the House of Commons during the greater part of the month of February, 1766, what made the most forcible impression upon the public mind, and chiefly weighed with the government to take the course it did, was probably the disturbed and threatening aspect of things on the other side of the Atlantic. The act repealing the stamp-duties, thus extorted by the menace of a rebellion in America, received the royal assent on the 18th of March, within a few days of a year after their imposition. And, whether or no that concession might, according to Burke's sanguine

* Macpherson, iii. 443.

anticipation, have given, if it had been so permitted, a lasting peace to the empire, it is not to be denied that the effect of the repeal in the colonies, even accompanied as it was by the declaratory act, was for the moment the complete restoration of tranquillity and good humour. "I am bold to say," exclaimed Burke, referring to this epoch, in his famous speech of 1774, "that so sudden a calm recovered after so violent a storm is without parallel in history."

But before the end of the year 1767, this calm was again interrupted, and changed into a more violent and alarming storm than ever. By one party at the time the change which was so soon brought about was attributed wholly to the mismanagement of the Chatham ministry, which succeeded that of Lord Rockingham in July, 1766, and more especially to Charles Townshend's new American taxation act passed in 1767, imposing duties upon the import into the colonies of tea, glass, painters' colours, pasteboard, and paper-hangings, expressly on the ground of its being expedient that a revenue should be raised in his majesty's dominions in America. By Townshend and his friends, on the other hand, it was alleged that the colonies had drawn upon themselves this new interference by their own conduct—that by various proceedings in their provincial assemblies they had set the late declaratory act and the authority of the imperial legislature at defiance—and that, unless that act was to remain not only a nonentity but a mockery, it had become absolutely necessary that the supremacy of the mother country should be asserted by something more than words. It was found, however, utterly impracticable to collect the new duties; and the act of 1767 was repealed in 1770, in regard to all the duties except that on tea. But even that reservation could not be maintained; no tax was ever actually levied on tea in America, any more than upon glass, or red or white lead, or pasteboard; and at last in 1775 all trade with the colonies was prohibited, immediately before the breaking out of the war which terminated in the acknowledgment of their independence.

We shall now endeavour to collect into one view the principal facts illustrative of the history of our trade with America during this period of interference and fluctuating policy on the part of the mother country. It is remarkable that it should have been, on the whole, so little affected by the variety of new and contradictory laws it was subjected to from 1764 down to its suppression, and by the heats and inflammations growing out of these vexatious proceedings, which, in the end, produced results of so mighty a character. In fact, if we are to judge by the official accounts of exports and imports, it went on increasing almost without interruption the whole time. Thus, in 1763 the value of the imports into Great Britain from New England, New York, Pennsylvania, Virginia and Maryland, Carolina, Georgia, and Florida, was 1,460,144*l.*; in 1764, 1,460,836*l.*; in 1765, 1,576,267*l.*; in 1766, 1,424,212*l.*; in 1768, 1,570,657*l.*; in 1769, 1,533,255*l.*; and in 1774, 1,900,753*l.* The value of the exports from England to the same provinces was, in 1763, 1,912,491*l.*; in 1764, 2,497,804*l.*; in 1765, 2,149,735*l.*; in 1766, 2,020,715*l.*; in 1768, 2,422,888*l.*; in 1769, 1,634,652*l.*; and in 1774, 2,902,619*l.** The only considerable diminution sustained by the trade, it would appear from this statement, was in 1769, when, as we may suppose, the non-importation and non-exportation system, re-adopted in retaliation for the new taxation act of 1767, had come into full operation. But even the depression thus produced had been much more than recovered from before the commencement of the war; the sum total of the exports and imports together in 1774 exhibiting an increase of full twenty per cent. upon their united value in 1768. The tables from which we have extracted these figures also afford us some information as to the general character of

* In 1763, 1764, 1765, and 1774, there are included in these sums the imports to Scotland from Hudson's Bay, Newfoundland, Cape Breton, Quebec, and Nova Scotia, and the exports from Scotland to those countries, which the official accounts do not for these years enable us to separate. But the sums total are very slightly raised by that addition.

the trade carried on with the mother country by each of the several colonies. The only provinces from which the imports to Great Britain usually at this time exceeded the exports thence were Virginia and Maryland, and North and South Carolina. But the rule was not uniform even in regard to these colonies. Thus, to confine ourselves to Virginia and Maryland (included under one head in the English tables), it appears that, in the trade with England only, the value of our imports from these provinces in 1763 was 642,294*l.*, of our exports thither 555,391*l.*; that in 1764 our imports were 559,408*l.*, our exports 515,192*l.*; in 1765 our imports 505,671*l.*, our exports 383,224*l.*; in 1766 our imports 461,693*l.*, our exports 372,548*l.*; in 1768 our imports 406,048*l.*, our exports 475,954*l.*; in 1769 our imports 361,892*l.*, our exports 488,362*l.*; and in 1774 our imports 612,030*l.*, our exports 528,738*l.* But these two provinces enjoyed besides the chief trade with Scotland, the imports to which country, from Virginia especially, and the exports thither, in some years probably equalled those to and from England. Thus in 1766 Virginia sent produce to Scotland to the value of 255,480*l.*, receiving back goods to that of 109,390*l.*; in 1768 the value of the imports to Scotland from that colony was 273,364*l.*, of the exports from Scotland to Virginia, 152,795*l.*; in 1769 the imports to Scotland from Virginia amounted to 299,715*l.*, and those from Maryland to 98,353*l.*, making together 398,068*l.*, or 36,176*l.* more than those to England from the same two provinces: the exports from Scotland that year were, to Maryland 51,511*l.*, to Virginia 175,069*l.* To the northern provinces of New England, New York, and Pennsylvania, the exports from Great Britain always greatly exceeded in value the produce we imported thence. Thus, in 1763 the English imports from New England amounted to 74,815*l.*, the exports thither to 258,854*l.*; in 1764 the imports were 88,157*l.*, the exports 459,765*l.*; in 1765 the imports 145,819*l.*, the exports 451,299*l.*; in 1766 the imports 141,733*l.*, the exports 409,642*l.*; in 1768 the imports 148,375*l.*, the exports 419,797*l.*; in 1769 the imports 129,353*l.*, the

exports 207,993*l.*; in 1774 the imports 112,248*l.*, the exports 562,476*l.* The trade with Georgia and Florida was very trifling, but was a growing trade as well as that of the other colonies: the value of the imports into England from Georgia having increased from 14,469*l.* in 1763 to 67,647*l.* in 1774; that of the exports from England thither from 44,908*l.* in 1763 to 57,518*l.* in 1774. We imported nothing from Florida in 1763, and only to the value of 294*l.* in 1764; and the value of our exports thither in 1763 was only 9946*l.*: in 1774 our imports from Florida amounted to 22,335*l.*, our exports thither to 52,149*l.*

The principal foreign trade carried on by the New Englanders before the American revolution consisted in the export of cod, salmon, mackerel, sturgeon, and other fish, which they obtained partly from their own seas and rivers, and from the coasts of Newfoundland and the fishing-grounds in the Gulf of St. Lawrence, partly in exchange from the Newfoundland fishermen for rum of their own manufacture, and other articles of American and West Indian produce. For some years before the breaking out of the war the provinces of Nova Scotia, Quebec, and Newfoundland used to receive from the colonies now forming the United States, and chiefly from New England, between 550,000 and 654,000 gallons of rum annually, all manufactured in these colonies, with the exception of a small quantity, not a tenth part of the whole, which had been brought from the West India islands. Of the fish, the principal part and those of the best quality were sent to the Catholic countries of the south of Europe, whence the proceeds were generally remitted to Great Britain in bills of exchange to pay for the goods we exported to America. A small quantity of the best fish was also brought to this country. The inferior sorts were disposed of in the West Indies, where they were eaten with the plantains and yams that formed the principal food of the negroes. The New Englanders were also largely engaged in the whale fishery in the seas between their own coasts and Labrador, especially since the encouragement that branch of trade had received from

a reduction of the duties on their oil and whale-fins by an act passed in 1764; the effect of which was, that the number of vessels employed by them in whaling had increased from 80 or 90 to 160 before the year 1775. They were besides extensive ship-builders, not only supplying themselves with the vessels they required for their own commerce, but building great numbers for sale, which, however, were in general more in request for the moderation of the price than for the excellence either of the materials or the workmanship. Then, as has just been mentioned, they manufactured large quantities of rum from molasses, which they procured chiefly from the French West India islands; and, although this New England spirit was very inferior to that made in the West Indies, it was still very gladly taken by the Indians in exchange for their furs and peltry. "They also," continues Macpherson, from whom we extract and abridge these details, "found a great vent for it among their own fishermen and others engaged in the Newfoundland fishery; and they carried considerable quantities of it to Africa, where they exchanged it for slaves, or sold it to the resident European slave-merchants for gold-dust, ivory, woods, wax, and gums. The candles made of spermaceti furnished by their whale fishery formed also an article of export to the amount of three or four hundred thousand pounds weight in a year, besides what were consumed upon the continent. Their exports to Great Britain consisted chiefly of fish-oil, whalebone (or fins), masts, and other spars, to which were added several raw materials for manufactures collected in their circuitous trading voyages, and a balance paid in foreign gold and silver coins. In short, their earnest application to fisheries and the carrying trade, together with their unremitting attention to the most minute article which could be made to yield a profit, obtained them the appellation of *the Dutchmen of America*."* From the middle provinces of New York, New Jersey, Pennsylvania, and Delaware, we received iron, hemp, flax-seed,

* Annals of Commerce, iii. 568.

lumber, Indian skins and furs, and some raw materials for our manufactures, which were the produce of other provinces or of foreign countries ; but there was also, as we have seen, a considerable balance on the trade of each year which was paid in bullion. The other principal foreign markets of these provinces, besides Great Britain and Ireland, were the West India islands, the Azores, Madeira, the Canary Islands, and Spain and Portugal. Their exports are enumerated as having been “ corn of all kinds, flour, and bread, in great quantities ; salted provisions of all sorts ; live stock, including horses, horned cattle, hogs, and sheep, and all kinds of poultry in great numbers ; flax and hemp ; boards, scantlings, staves, shingles, and wooden houses framed and ready to set up ; iron in pigs and bars ; and vessels, superior in workmanship to those of New England.”* The most valuable export from British America was the tobacco of Maryland and Virginia ; but for many years before the revolt of the colonies the quantity of tobacco raised in those provinces, of which it was long the principal produce, had been diminishing, owing to the soil being exhausted by it, and much of the land having been consequently turned to the growing of wheat and other grain. The tobacco could only be legally exported to Great Britain ; but corn, flour, lumber, &c., were sent from Maryland and Virginia, as from the other provinces, to the West Indies and elsewhere. We also obtained some tobacco from North Carolina ; and that province likewise furnished annually for exportation about 130,000 barrels of pitch, tar, and turpentine, of which the greatest part came to Britain. To the West Indies it sent chiefly salt pork, Indian corn, peas, &c. “ But the foreign trade of this province,” it is observed, “ was very trifling in proportion to its great extent, and even to the quantity of its productions, and was mostly in the hands of the merchants of the adjacent provinces of Virginia and South Carolina, and of the New Englanders.”† The culture of tobacco had also been for some

* Macpherson, *Annals of Commerce*, iii. 568.

† *Ibid.*, p. 569.

time carried on in South Carolina and Georgia; and considerable quantities of lumber were exported from those provinces; but their staple articles of produce were rice and indigo; the former grown on the marshy grounds near the coast, the latter on the dry soil of the inland country. Besides these commodities the merchants of Charlestown also exported part of the produce of North Carolina, and some skins obtained by trade with the neighbouring Indians.*

In the year 1769 the number of vessels built in the North American colonies was 389, of which 113 are described as square-rigged vessels, the remaining 276 as sloops and schooners. They measured in all 20,001 tons. Of the whole number the colony of Massachusetts Bay furnished 40 square-rigged vessels, and 97 others, weighing 8013 tons; New Hampshire 16 square-rigged vessels, and 29 others, weighing 2452 tons; Connecticut 7 square-rigged vessels, and 43 others, weighing 1542 tons; Pennsylvania 14 square-rigged vessels, and 8 others, weighing 1469 tons; and Rhode Island 8 square-rigged vessels, and 31 others, weighing 1428 tons. Maryland and Virginia stood next in order; then New York, South Carolina, North Carolina, New Jersey, and Georgia. In 1770 the quantity of shipping built was 20,610 tons; in 1771, 24,068 tons, or 419 vessels of all sorts. In 1769 the entire tonnage of the shipping entered inwards in all the colonies was 332,146 tons; of which to the amount of 90,710 was from Great Britain and Ireland; of 34,151 from the southern parts of Europe and Africa; of 94,916 from the British and foreign West Indies;† and 112,369 from the continent of America, the Bahama Isles, &c. Of the shipping from the British islands, 20,652 tons fell to the share of Virginia, 15,486 to Maryland, 15,281 to South Carolina, 14,340 to Massachusetts Bay, 9309 to Pennsylvania, 6415 to North Carolina, 5224 to New

* Macpherson, Annals of Commerce, iii. 569.

† In the table given by Macpherson, iii. 570, copied, he tells us, from the accounts in the Custom-house, the trade with the south of Europe for this year is evidently given to the West Indies, and *vice versa*.

York, 2523 to Georgia; the quantities entered at the ports of New Hampshire, Rhode Island, and Connecticut were trifling, and to New Jersey there came none at all. From the south of Europe and Africa the chief imports were to Pennsylvania; from the West Indies to Massachusetts Bay; and the latter colony had also by far the largest share of the trade with the rest of the American continent. In 1770 the total shipping entered inwards throughout the colonies was nearly of the same amount as in the preceding year, being 331,942 tons; of which, however, only 84,934 tons came from the British islands. The chief increase was from the West Indies, from which there now arrived to the amount of 106,713 tons. The amount of the shipping entered outwards in 1769 was 339,302 tons; namely, 99,121 tons to Great Britain, 42,601 to the southern parts of Europe and Africa, 96,382 to the West Indies, and 101,198 to the continent of America, the Bahama Isles, &c. Of the export trade to the British islands, Virginia had the greatest share; then Maryland, then South Carolina, then Massachusetts Bay. Of that to the southern parts of Europe the largest portion belonged to Pennsylvania; of that to the West Indies to Massachusetts Bay, which also possessed a much larger share than any other colony of that to the other parts of the American continent. It is noted, however, that the entries given in both accounts of the shipping employed in the West India and continental trades are much swelled by the frequent repetition of voyages in the course of the same year. Of the total shipping entered outwards in 1769, 63,666 tons sailed from Massachusetts Bay, 52,008 from Virginia, 42,986 from Pennsylvania, 33,855 from South Carolina, 30,996 from Maryland, 26,859 from New York, 23,113 from North Carolina, 19,744 from New Hampshire, 17,966 from Connecticut, 17,775, from Rhode Island, 9241 from Georgia, and 1093 from New Jersey. For the next year, 1770, the total shipping entered outwards from all the colonies was 351,664 tons; of which 98,025 proceeded to Great Britain and Ireland, 37,237 to the South of Europe and Africa, 108,150 to the West

Indies, and 107,552 to other ports on the American continent. The measurements of course in all these statements are from the registers of the vessels, and about 50 per cent. may be added for the real tonnage.

The official value of the imports of all the provinces in the year 1769 from all parts of the world was 2,623,412*l.*; namely, from Great Britain 1,604,975*l.*; from the south of Europe 76,684*l.*; from the West Indies 789,754*l.*; from Africa 151,998*l.* Of the distribution of the British imports among the several provinces we have already given an account.* The imports from the south of Europe to Massachusetts Bay in 1769 are estimated at 21,908*l.*; those to New York at 14,927*l.*; those to Pennsylvania at 14,249*l.* Of the imports from the West Indies, the share of Pennsylvania is set down at 180,591*l.*; that of Massachusetts Bay at 155,387*l.* Of those from Africa—principally negroes, we presume—South Carolina received to the value of 124,180*l.*, or about five-sixths of the whole. The official value of the exports from all the colonies to all parts of the world that same year was 2,852,441*l.*; namely, to Great Britain, 1,531,516*l.*; to the south of Europe, 552,736*l.*; to the West Indies, 747,910*l.*; to Africa, 20,278*l.* Of the whole, the sum of 991,401*l.* is assigned as the value of the exports from Maryland and Virginia, principally to Great Britain; 569,584*l.* as the value of those from the Carolinas, also for the greater part to this country; 550,089*l.* as that of those from the New England provinces, principally to the West Indies; 410,756*l.* as that of those from Pennsylvania, nearly all to the south of Europe and to the West Indies; 231,906*l.* as that of those from New York, chiefly to Great Britain; 96,169*l.* as that of those from Georgia, also mostly to Great Britain; and 2531*l.* as that of those from New Jersey, all to the West Indies. The exports to Africa were nearly all from Massachusetts Bay and Rhode Island.

* See ante, p. 12. The statement given at p. 33, which makes the total imports from Great Britain to America in 1769 to have amounted to 1,634,652*l.*, includes the imports to Florida, which are not comprehended in the account before us.

A list of the articles exported in the year 1770 from all the British continental colonies, including the islands of Newfoundland, Bahama, and Bermuda, informs us that the principal exports to Great Britain in that year were, 1173 tons of pot-ashes, 737 of pearlashes, 5747 of pig-iron, 2102 of bar-iron, 584,593 lbs. of indigo, 5202 tons of whale-oil, 112,971 lbs. of whale-fins, 74,073 barrels of rice, 78,115 of common tar, 15,125 of turpentine, 3043 tons of masts, yards, &c., 6,013,519 feet of pine, oak, and cedar boards, 4,921,020 staves and headings, furs to the value of 91,485*l.*, 799,652 lbs. of deer-skins, and tobacco to the value of 904,981*l.* The other principal exports were, to Ireland 305,083 bushels of flax-seed; to the south of Europe 431,386 quintals of dried fish, 588,561 bushels of wheat, 18,501 tons of bread and flour, and 36,296 barrels of rice; to the West Indies, 351,625 lbs. of spermaceti candles, 206,081 quintals of dried fish, 29,582 barrels of pickled fish, 402,958 bushels of Indian corn, 49,337 of peas and beans, 23,449 tons of bread and flour, 2870 tons of beef and pork, 167,313 lbs. of butter, 4033 barrels of rice, 8548 lbs. of loaf-sugar, 85,035 lbs. of soap, onions to the value of 6378*l.*, 35,922,168 feet of pine, oak, and cedar boards, 11,116,141 staves and headings, 3,817,899 hoops, 62,099 shoo hogs-heads, 3184 heads of cattle, 6692 horses, 12,797 sheep and hogs, and 183,893 lbs. of tallow and lard: to Africa the only considerable export was 292,966 gallons of New England rum, of which spirit also, as we have already seen, a much larger quantity was sent from the New England colonies to the Indians of Nova Scotia and Canada.*

We now return to notice the most significant facts illustrative of the history of the other great branches of our commerce during the interval from the peace of 1763 to the commencement of the American revolution.

By one of the articles of the treaty of peace the French had liberty to fish, under certain regulations, on a part of the coast of Newfoundland, and also to dry their fish

* These details are abstracted from tables given by Macpherson, *Annals*, iii. 570-573.

there. Disputes immediately arose between the two nations, and instructions were sent out early in 1764 to Commodore (afterwards Admiral) Palliser, the governor of the island, directing him to observe the strictest impartiality with regard to the share each was entitled to of the curing-grounds, and especially to take care that no injury should be done to the persons or properties of the French fishers; but the two rival interests were for a time more effectually reconciled by the opposition they soon after encountered in common from a third party, the stationary inhabitants of the island, who carried on the fishery in bye-boats, and who claimed a right of property in all the parts of the beach most convenient for drying the fish, to the exclusion of both the French and the English. An extensive system of smuggling was also carried on, especially with the French settlements on the neighbouring islets of St. Pierre and Miquelon, which, during the part of the year when the British ships of war were absent, there were no means of repressing; and it was further supposed that many of the vessels resorting to the fishery under British colours were, contrary to law, in part at least the property of Spaniards and other foreigners. It was not to be denied, however, that the trade of the island flourished more than it had ever done before in the midst of all these irregularities. The stationary fishermen, as they were called, could both go earlier to, and remain later upon, the fishing-grounds than the ships could, and had also greater facilities in other respects for carrying on the business on the most economic principle; so that, it is stated, the quantity of fish cured and carried to market was, within two or three years after the peace of Paris, as great as it had been in the most flourishing times of the fishery, while the exports to the island from Great Britain were five times as great as they had ever been before, besides that the supplies sent thither from our colonies on the American continent were supposed to be twice the amount of those sent from this country. In these circumstances the Board of Trade, in 1765, advised that rights of property in their settlements should be given to the occupants of all parts of the island, except-

ing only the portion of the coast where the late treaty of peace entitled French as well as English subjects to fish, and where, it was asserted, a ship-fishery only would be of most advantage for all concerned.* This concession proceeded, we suppose, from the Rockingham ministry. The next year, however, we find an opposite policy recommended, probably by the new Board of Trade under their successors. The lords of trade, it is stated, now represented "that a state of inheritance, unrestrained by any form or constitutions of civil government, had operated to the total subversion of that policy upon which the fisheries dependent upon that island were originally established, and defeated the great national advantages of the statute of 10 and 11 Will. III., principally by setting up exclusive claims to all the places on the shore which are useful for curing the fish; and such claims of property, if they are permitted, are alone sufficient to banish from the coast the ship-fishing, which Commodore Palliser conceives to be the only species of the fishery attended with the great national advantage of breeding a hardy race of seamen, capable of manning the navy in cases of emergency."† In the season of 1765, according to a statement drawn up by Palliser, there had arrived at Newfoundland 177 British fishing ships, of the total burthen of 17,268 tons, and carrying 2521 men and 5397 passengers, who cured 136,840 quintals of cod, valued at from 10s. to 17s. per quintal, and made 584½ tons of train-oil, valued at from 15*l.* to 18*l.* per ton; 116 British sack (or trading) ships, of the burthen of 14,353 tons, carrying 1252 men, who did not engage in the fishing, but brought salt, or only ballast, and purchased their fish; and 104 British American vessels, measuring 6927 tons, and carrying 666 men. There had been made by the bye-boat men 85,096 quintals of cod, and 481¾ tons of train-oil: and by the inhabitants of the country 310,576 quintals of cod, and 1517¾ tons of oil. Palliser, who, as we have seen, was a zealous advocate for having the fishery carried on alto-

* Macpherson, *Annals*, iii. 423.

† *Ibid.*, p. 438.

gether by ships from Great Britain, and the settlers on the island and others who fished only in boats wholly driven out of it, gave a very bad account of the latter. The number of inhabitants settled upon Newfoundland at this time he reckoned to be 15,484, "most of whom," he stated, "were Roman Catholics, and many of them deserters from the ships, who, not being able to follow any employment during the seven months in which there is no fishing, and being under no control of civil government, used to spend that time in idleness, and subsist chiefly by robbery, the whole of the land cultivated by them being only 1262 acres." It appears, however, from his own statement as just given, that about three-fourths of the entire trade was at present actually in the hands of this class of persons. The total exports from Newfoundland in 1765 were 493,654 quintals of cod; 1172 tierces of salmon, worth from 40s. to 45s. each; seal-oil made the preceding year, and whale-bone obtained from the Indians, to the value of 5109*l.*; and furs taken by the inhabitants to that of 980*l.* Since the peace the government of Newfoundland also comprehended the coast of Labrador from the river St. John to Hudson's Straits, together with Anticosti, Madelaine, and other islands on that coast; and Palliser states that the Labrador fishery employed 117 ships and schooners from the provinces of Quebec and New England, carrying 1563 men, who between the 14th of May and the 10th of July killed 104 whales, each of the average value of 478*l.*, and yielding on an average 140 barrels of oil and 2000 lbs. of bone; while the winter seal-fishery on the same coast employed 107 men, who made 500 tons of oil, besides procuring a considerable quantity of furs from the Esquimaux. The annual value of the seal, cod, salmon, and furs obtained from that part of the coast is estimated at 100,000*l.*; the trade being wholly in the hands of the British Americans, and the greatest part of its produce being disposed of to the French. The French fishery carried on upon the coast of Newfoundland employed at this time 117 ships, measuring 18,495 tons, and carrying 7862 men, who made 292,790 quintals of

cod, and 2929 hogsheads of oil. And, in addition, it was estimated that in the French fishery on the banks were employed 130 ships, of the burthen of 16,000 tons, and carrying 3900 men, who made 130,000 quintals of cod and 2600 hogsheads of oil; in that at St. Pierre, 20 ships, weighing 2600 tons, and carrying 1200 men, who made 24,000 quintals of cod and 480 hogsheads of oil; while belonging to St. Pierre and Miquelon, and employed on the banks and in the Gulf of St. Lawrence, were 50 ships, of the burthen of 2500 tons, and carrying 750 men, who made 30,000 quintals of cod, and 600 hogsheads of oil. There were also belonging to those islands 120 boats, carrying 600 men, who made 12,000 quintals of cod and 240 hogsheads of oil. The fishery was protected by two French frigates, whose crews amounted to 400 men; and the trade attracted 20 vessels from the French West Indies, weighing in all 1200 tons, and carrying 240 men.

In 1767 the entire number of British vessels employed in the fishery had increased to 258, measuring 23,419 tons, and carrying 3946 seamen, besides 7070 passengers; of these vessels 27 fished on the coast of Labrador. This season there were brought to the country, in 115 American vessels, cargoes of rum, molasses, bread, flour, &c., the proceeds of which, including the price of some of the vessels that were also purchased, are calculated to have amounted to 100,000*l.*, which was paid mostly, not in fish, but in bills of exchange. About 300 vessels, measuring on an average about 60 tons, and carrying 13 men each, were besides employed by the Americans in the whale fishery about the coasts of Newfoundland, Labrador, and the Gulf of St. Lawrence; and about 300 more, averaging 60 tons in burthen, and carrying 10 men each, in the cod-fishery on the banks of Newfoundland and Labrador. The next year, 1768, the number of British vessels engaged in the fishery, and the quantities of fish cured, and of oil manufactured, were still greater; and the increase continued to be progressive for the three following years, in the last of which, 1771, the British fishing vessels were 369 in number, weighing

21,954 tons, and carrying 11,976 men. After this there was a slight decline in the trade; but still in 1774, the last year of which we have any account before the breaking out of the war, the number of British vessels employed in the fishery was 254, carrying 7836 men, and said to weigh 22,182 tons – an amount of tonnage, however, which seems suspiciously high, considering the diminished number both of the ships and of their crews. Yet the British trading vessels which resorted to Newfoundland this season are stated to have been no fewer than 149, measuring 15,179 tons, which was a larger amount of shipping of this description than had been attracted thither in any preceding year. The American vessels that arrived this year were also more numerous than they ever had been before, being 175; and there were employed in the fishery 518 bye-boats, and no fewer than 1446 boats belonging to persons resident on the island. The quantities of fish taken this season were, by the British vessels 237,640 quintals, by the bye-boats 145,800, and by the boats of the inhabitants 312,426: 2962 tons of oil were manufactured; and there were besides exported 3501 tierces of salmon, which was much more than an average quantity, and 18,670*l.* worth of skins and teeth of sea-cows, and oil of sea-cows and seals. We may see from this account that Palliser had not been able to carry his plan of putting down the boat-fishing into effect. The French fishery appears to have reached its zenith in 1770, in which year it employed 12,855 men in 437 vessels, measuring 45,541 tons, and 1470 boats, and produced 435,340 quintals of fish, and 3511 hogsheads of oil. But even in 1774, although the ships were reduced to 273, and their entire burthen to 31,530 tons, the boats were 1614 in number, and there were in all 15,137 men employed in the fishery, which still yielded 368,215 quintals of cod and 3377 hogsheads of oil.

The state of our trade with most of the other countries of Europe towards the commencement of the present period may be collected from a set of reports which were obtained from our foreign consuls in the year 1765. We

will abstract the most important particulars therein stated, adding under each head any material facts that may be necessary to bring down the account to the close of the interval of peace.

The country of our commerce with which the most minute account is given is Holland. The number of vessels from Great Britain, Ireland, and British America that arrived in the ports of Rotterdam, Dort, and Schiedam, was, in the year 1761, 1372; in 1762, 893; in 1763, 847; and in 1764, 881; all British property, except 46, which belonged to Dutch owners. Not many years before this time from 800 to 1000 vessels annually used to come from England to Holland with corn; now only a small quantity of malt was brought from Yarmouth, Wells (in Norfolk), and Burnham. Yet, in 1764, 200 cargoes arrived at Rotterdam, and 30 at Schiedam. The Dutch now obtained their supplies of corn from the East Country, and particularly from Poland, where the price was much lower than in England. Woollen goods to the value of above 350,000*l.* a-year (of which a third was supposed to find its way to Germany) were brought to Rotterdam from Norfolk, Yorkshire, and London; besides from 50,000*l.* to 70,000*l.* worth of woollen stockings from Aberdeen, and 10,000*l.* worth of coarse woollen serges from the county of Ayr.* Owing to the decrease of turf in Holland, the importation of English coal was increasing; in 1764, 17,110 chaldrons were brought chiefly from Newcastle, all in English ships, besides four or five cargoes from Milford, and about 5000*l.* worth from the Frith of Forth. From 8000 to 10,000 hogsheads of tobacco were annually received from Glasgow, about as many from Whitehaven, Liverpool, and Bristol, and about 5000 from London. From Cowes there were brought every year from 12,000 to 15,000 barrels of rice. About 1000 tons of lead, worth 14*l.* or 15*l.* a ton, were brought from Newcastle, Stockton, Hull, and Chester; and from 1500 to 2000 tons

* Macpherson doubts whether the serges as well as the stockings did not come from Aberdeenshire. — *Annals*, iii. 428.

from the Frith of Forth. The importation of pickled salmon from Scotland had declined, but it still amounted to from 2000 to 3000 barrels a-year, worth 5000*l.* or 6000*l.* The importation of red herrings had also fallen, owing to the scarcity and higher price of the fish, from 12,000 or 14,000 barrels to 3000 or 4000. From Ireland, in 1764, were brought 26,612 casks of butter, weighing on an average 150 lbs., and of the value of 38*s.* each; 474 hogsheads of tallow, weighing 1300 lbs. each; 445 casks of lard, of 150 lbs. each, besides some feathers, kelp, pork, hides, and ox-bones. From 10,000 to 14,000 barrels of Irish beef used to be imported annually in time of war; but, as the article in time of peace was only enterable for exportation, the quantity was now reduced to 3000 or 4000 barrels. The use of English hardware was daily increasing; and so was the consumption of our felt and straw hats, woollen and silk stockings, and silk stuffs. Birmingham and Sheffield wares of all kinds were much in demand. English printed linens and calicoes were the common summer dress in Holland, and were to be seen in every shop. Staffordshire earthenware, of the improved manufacture recently introduced by Wedgwood, was coming into request both in Holland and in the neighbouring countries, and the quantity of it imported was rapidly on the increase. Bottles used to be imported in large quantities; but the demand had lately been reduced by the extension of the home manufacture of glass. Horses were frequently brought from London. Sugar, ginger, cotton, and other articles of our West India produce, were occasionally imported, and sometimes in large quantities. Finally, from 1000 to 1500 tons of Honduras logwood used to be annually brought from New York, Boston, and Rhode Island; and from 500 to 1000 tons of other dyeing woods from our possessions on the coast of Guinea. The principal exports from Holland to Great Britain and Ireland were the following:—about 2400 casks of madder, of the value of about 25*l.* per cask; about 1,200,000 stones of flax (6 lbs. each), averaging 2*s.* 6*d.* per stone; fully 17,000 hogsheads of flax-seed, at about 50*s.* per

hogshead ; some mill-stones, tarras, clinkers, and rushes for matting chairs ; a very large quantity of spice ; some fine Juliers thread, Dutch tapes, sail-cloth, and linen, the demand for which articles was daily increasing ; gold and silver, mostly for the service of the East India Company ; and a great quantity of gin, although the smuggling trade in that spirit and in brandy, which formerly, used to be very extensive, was now almost at an end.

At Hamburgh there arrived 160 British ships in 1760 ; 220 in 1761 ; 240 in 1762 ; and 209 in 1763. In 1764 the number of British vessels was 267, while that of the Hamburghers was 157 (56 of them from British ports), and that of all others 386 (including 36 from British ports). In 1765 the British vessels were 252, the Hamburghers 142 (including 41 from British ports), and those of all other nations 377 (of which 33 were from British ports). According to the account of the members of the British factory at Hamburgh, ever since the trade was laid open at the Revolution of 1688 it had been declining and getting into the hands of foreigners ; and, although during the late war the place, as a neutral emporium, had flourished by the consignments from England, and still more by those from America and the West Indies, insomuch that France used then to be supplied with sugar from Hamburgh, yet now from 50,000 to 60,000 hogsheads of French sugars were annually carried thither, and the English sugars were already driven out of the trade. But, according to the consul's report, the decrease in the number of arrivals of British ships in 1765 was chiefly owing to the Hamburgh sugar-refiners having overstocked themselves with sugars in the preceding year ; the French imports of that article being also lower this year than the last, although the import of wines from Bordeaux was higher. In 1768 the value of the imports to Hamburgh from Great Britain, Ireland, and the British West Indies is stated to have been 1,169,170*l.* ; and of those from France 993,318*l.* The number of vessels that arrived from the British dominions in that year was 254.* In 1769 the value of the British im-

* Macpherson, iii. 485. The account would make the

ports was 949,074*l.*; that of the French 1,208,461*l.*; but of the vessels that arrived in the port, 195 were British, and not one French. In 1700 the British imports amounted to 1,020,351*l.*; the French to 945,467*l.*; of the arrivals, 182 were of British ships, and again not one of French. It is stated, too, that, although the number of vessels was somewhat less than the preceding year, they were of greater burthen; there being amongst those of largest size, and containing the most valuable cargoes, five more from Liverpool, and ten more from Glasgow, than in 1769.* In 1775 the British imports were estimated at 1,030,316*l.*; the French at 1,270,627*l.*; and of 268 arrivals, 262 were of British ships, and 242 in all from British ports.† In 1776 the value of the British imports was 974,442*l.*; that of the French 1,099,559*l.*; and the British ships were 184, the French 10. To Bremen this year the British imports amounted to 178,476*l.*; the French to 307,580*l.* Macpherson observes, however, that, although the French trade thus continued to have the ascendancy in these two cities, the latter of which belonged in sovereignty to the king of Great Britain, yet, with respect to Hamburg, the freights, if not included in the estimate of cargoes, must have turned the scale greatly in favour of this country.

With Flanders our trade is stated to have, on the whole, made great progress during the quarter of a century previous to the year 1765; although the high duties imposed by the Austrian government had of late considerably diminished the importation of British woollens, earthenware, paper-hangings, and printed linens and cottons. Our woollens had also been prohibited to be carried through the country, as formerly, to France and Germany. Our trade with Denmark is described as having been almost annihilated at the commencement of the reign of George III.

number of vessels that were British property to be only 80; but there is evidently a misprint where it is stated that of the 254 vessels from the British dominions only 20 were British. The 20 should probably be 200 or 220.

* Macpherson, iii. 507.

† Ibid. 582.

Our most important trade to the south of Europe used to be with Portugal, bound as the two countries were to one another by the stipulations of the Methuen treaty. But great complaints were made in 1765, by the British consul and merchants at Lisbon, of the obstructions and oppressions under which their commerce then laboured. The import into Portugal of British woollens, it is affirmed, had fallen off to about half of what it was ten years before, in consequence partly of the competition of the French and Dutch manufacturers, partly of new duties (which, however, one would suppose, must have borne as hard upon the French and Dutch as upon the British trade). The importation of fine hats from England had been reduced to about a tenth of its former amount, the Portuguese now obtaining part of their beavers from France, and manufacturing most of the rest at home. Even the importation of cod-fish from Newcastle had decreased from 80,000 to 60,000 quintals, which were annually brought in about thirty vessels. The decrease is ascribed "partly to the advanced price of fish at Newfoundland and New England, partly to additional duties imposed at Lisbon, and partly to the acts of the Lisbon Company of Fishmongers." The rise of a home manufacture, and large importations from France and Italy, had also greatly reduced the demand for English silks, after it had reached a considerable height; and as many silk stockings were now brought from France as from this country. The use of British printed linens, which was formerly general among the Portuguese, had of late been almost put an end to by some arbitrary proceedings of their custom-house officers. Portugal being dependent for half its consumption of corn upon other countries, some was still imported from Great Britain and the British colonies in America, as well as from the Mediterranean, Holland, Dantzic, Spain, and France; but the importers complained loudly of being prohibited from carrying it elsewhere, if the market should happen to be glutted when they arrived in a Portuguese harbour. The late parliamentary restrictions on the commerce of the American colonies

had greatly diminished a very profitable trade which they had been accustomed to carry on with Portugal. In short, the importation of butter, beef, and pork from Ireland was now almost the only branch of our trade, according to this representation, that continued to be carried on to the same extent as formerly, these being commodities which could not be obtained from any other country. "About twenty years before this time," continues the account, "there used to arrive in Lisbon six or seven hundred English vessels annually, they being then in a great measure the carriers of the trade of Lisbon in the Mediterranean. But the Dutch, Danish, and Swedish vessels being generally larger than the English, and the port-dues (of late monstrously advanced) being so contrived as to fall heaviest on the smallest vessels, the English carrying trade was so much discouraged by these circumstances and other oppressive measures, that scarcely four hundred vessels in a year now entered the port." Other complaints follow of the injuries sustained from monopolies and arbitrary customs and modes of procedure; and in conclusion it is asserted that "the infringement of privileges due by treaty, the increase of duties, the decrease of the consumption of British goods by means of sumptuary laws, and the uncertainty (or rather partiality) and delay which all must encounter who attempt to recover their property by law in Portugal, altogether constituted such an accumulation of hardships, as rendered it impossible for the British merchants to continue their trade in Portugal unless they could obtain redress of their grievances." A good many of the matters thus complained of, it will probably be thought, belonged to that extensive class of human evils which laws do not make and cannot cure; but the British merchants in Portugal did not for some time cease to press their claims, and to represent themselves as a very ill-used body of persons. In 1767 we find them again complaining in still stronger terms than before of injurious monopolies, regulations in violation of the faith of treaties, and treatment of a generally arbitrary and oppressive character. "Notwithstanding the preference stipulated for the English

woollen manufactures by the treaty of 1703," we are informed, "the consumption of them was prohibited by new sumptuary laws; but the British merchants had the mortification to see those laws dispensed with in favour of French cloths without any difficulty. The court of Portugal, as if desirous of ruining the British trade, cramped it with new duties upon goods and ships, and many new oppressive regulations and delays. The British merchants found it next to impossible to recover their debts in the Portuguese courts of justice; they were, moreover, compelled to take in payment actions (or shares) of the very companies which had been set up with a view to destroy their trade, which shares the officers of the revenue, and even the companies themselves, refused to take in payment. The property of the British merchants was frequently seized for the service of the king, and even for convents of monks supported by the king, and the payment delayed for many years, or totally withheld. These violences were committed not only in the pressure of war, but also during the tranquillity of peace."* At this time the value of the entire imports into Portugal from Britain and the British dominions was estimated to be as follows:—woollen, linen, and other manufactures from Britain, rice from America, and camlets from Ireland 595,000*l.*; fish from Newfoundland, 48,000*l.*; butter and beef from Ireland, 40,000*l.*; staves from America, coals, &c., 8000*l.*; manufactures and provisions to Madeira and the other islands, 44,000*l.*; in all, 735,000*l.* And the exports to Britain and the British dominions were:—Oporto wine 22,000 pipes, valued at 220,000*l.*; 7000 pipes of Lisbon wine, 63,000*l.*; 12,000 pipes of wine from Madeira and the other islands, 240,000*l.*; 50,000 chests of oranges and lemons, 75,000*l.*; 40,000 moys of salt, 24,000*l.*; and oil, morocco leather, cacao, Brazil wood, drugs, &c., to the value of 8000*l.* So that, by this showing, the annual balance to be discharged by Portugal in gold and silver, or what was called the balance in favour of Britain, was only 105,000*l.* instead of about 2,000,000*l.* sterling, which

* Macpherson, iii. 458.

was popularly supposed to be its amount. It is probable, however, that the amount of the imports from Britain into Portugal is somewhat understated in this exposition. It is observed also that the estimate does not comprehend the trade to the port of Faro, in Algarva, where the exports and imports are stated to have been of nearly equal value; nor does it include either the diamonds brought from Portugal to this country, or the sugars imported thence into Ireland, or the corn exported from Ireland to Portugal.* But, on the whole, our Portuguese trade appears to have gone on declining from this date; in 1770 it is remarked that for some years past the oppression of the British merchants seemed to have formed a part of the policy of the Portuguese government;† and under date of 1774 we are told that the trade, “usually so highly extolled, was now sunk down to less than half of what it used to be formerly.”‡

The importation of British goods to Spain, on the other hand, was stated in 1765 to have increased considerably at St. Lucar and Seville during the preceding fifteen years. At Barcelona, however, the consul and merchants complained of oppressive laws and customs, and of arbitrary proceedings on the part of the people in power. At Corunna also in 1768 the consul reported “that since the last war no British merchants had settled there; and that the removal of the English packets from that place had thrown such difficulties in the way of making remittances, that the neighbouring country was now mostly supplied with French manufactures, to the great regret of the natives, who all prefer English goods.” In the first six months of that year only seven British vessels had arrived in the provinces of Galicia and Asturias, most of which had only landed small parcels of goods there. In the same time eleven French and five Dutch vessels had delivered their full cargoes. The British vessels that arrived in that district were usually about fourteen in the year from Newfoundland with cod, three or four with salted provisions from Ireland, and a few with corn,

* Macpherson iii. 459. † Ibid., p. 503. ‡ Ibid., p. 560.

coals, &c., from various ports in England or America. "The British consul and merchants at Cadiz," it is added, "complained of the hardships put upon them by several infringements of the treaties, and particularly by the *postura*, and order of the magistrates for fixing the prices of provisions, whereby they apprehended the trade from Ireland and Newfoundland to that port must be ruined. They and the consul at St. Lucar also complained of a proclamation prohibiting the importation of all printed and painted cloths and handkerchiefs, the demand for which in the Spanish colonies used to be very considerable. They also complained of the exactions of the health office, of the indignities put upon the commanders of their ships, the partiality shown to the French, and the arbitrary power of the governors and magistrates of Cadiz, who were ignorant of the treaties, and had not even any instructions to regard them."* In December, 1771, the King of Spain, with the view of encouraging certain native manufactures recently set up, issued an ordinance altogether prohibiting the importation, and even for a time the use, of cotton velvets and all other stuffs composed wholly or in part of cotton—a measure which is stated to have proved very seriously injurious to the British trade.†

In Italy, too, if we may believe these reports of the consuls, the British trade was rather upon the decline in 1765. From Leghorn it was stated that the Danes and the French were hurting us in the fish trade; that the French were getting the better of us in the woollen manufactures; and that importations from some mines lately opened in Spain were lessening the consumption of our lead. From Messina, again, it was reported that the British trade in Sicily was about one-third less than formerly, the decay being attributable chiefly to the general poverty of the people, "occasioned by the oppression of the barons, and the defective administration of justice; the object of the government being the immediate increase of the revenue, without any regard to future conse-

* Macpherson, iii. 482.

† Ibid., p. 514.

quences." "There were still, however," it is added, "more English woollen goods than Dutch or French consumed in Sicily, our returns being chiefly in raw and thrown silks shipped for England, and corn shipped for Spain and Portugal, the freights of which were considerable."

Finally, the members of the Turkey Company settled at Constantinople and the ports in the Levant complained that the sales of British woollens had so greatly declined in those parts, that, whereas they used formerly to be to the French sales as three to one, the latter now exceeded them in the same proportion. But this reversal of the old relation of the two trades was to be assigned in part, we may suppose, to the increase of the French importations as well as to the decrease of the British. Our exports to the Levant are stated to have at this time consisted almost entirely of woollens; the returns being chiefly in raw silk and mohair.

The political position of the East India Company underwent a great change during the present period, and their commerce also, affected both by that and other circumstances, experienced some considerable fluctuations. The origin of the military power and territorial sovereignty of the company in India may be dated from the victory of Plassy, gained by Clive on the 23rd of June, 1757. Followed as was that great blow struck at the ancient Mahometan rule of the country by the all but annihilation of the French interest through the successes that preceded the peace of 1763, it left the field clear for the bold and skilful operations which resulted in the establishment of a new English empire. Mohamed Cossim Ali Khan, set up as subahdar of Bengal, Bahar, and Orissa, in room of his father-in-law, Meer Jaffier, in September, 1760, immediately ceded to the company, to whom he owed his elevation, the districts of Burdwan, Midnapore, and Chitagong. A further acquisition of political influence was made in February, 1765, when, on the death of Meer Jaffier, who had been restored in 1763, the company secured the succession for his natural son, Nujum-Dowlah, and bound him

to receive a resident from Calcutta, to put the chief management of his affairs into the hands of a person recommended by the president and council there, and never to permit the French Company to erect any fortifications within his dominions. But the greatest acquisition of all was that which followed in August of this same year, when, in return for putting him in possession of the provinces of Corah and Allahabad, and ensuring him besides a settled revenue from Bengal, Bahar, and Orissa, the Great Mogul, Shah Aulum, made over to the company the dewannee, or right of collecting for their own use the entire revenues, of these three last-mentioned provinces, at the same time confirming to them the absolute property of all the districts already ceded to them by the subahdars. So high were the expectations of the proprietors raised by these events, that in the year 1766 they at once raised the dividend from six to ten per cent., many of them insisting that it might safely be made fourteen per cent., and some even talking confidently of fifty per cent. as the probable amount of future dividends. It appears to have been at this crisis that the practice commenced of jobbing in India stock, which was carried so far, that before the end of the year its market price had risen to 263, and many of the speculators professed to believe that it would soon be up to 900 or 1000. In 1767 a motion was carried, against the directors, at a general court for raising the dividends to twelve and a-half per cent. Here, however, parliament stepped in, and three acts were passed : the first requiring all public companies to declare their dividends only in general courts held at least five months after the declaration of the preceding dividend ; the second, directing that in the East India Company in particular no dividend above ten per cent. should be made before the next session of parliament ; the third, assuming, by implication at least, that the real sovereignty of the late territorial acquisitions of the company was in the crown, and binding the company to pay into the exchequer the sum of 400,000*l.* per annum in consideration of the revenues from their possessions in

India being secured to them, or rather left in their hands, for the short space of only two years. These measures repressed at its commencement a ferment of speculation and delusion which, if it had been allowed to go on, might have rivalled the South Sea mania. At the same time, somewhat to relieve the company, which was embarrassed by an unusually large stock of tea in its warehouses, the *excise* duty of a shilling a pound was abolished in regard to all black teas for five years, and a drawback of the whole custom duty was directed to be allowed on all teas exported to Ireland and America; the company being, however, bound to indemnify the revenue for any loss it might sustain from these reductions. And in fact, although the company's sales of tea were nearly doubled, they found themselves obliged in the long run to make good a deficiency of the revenue to the amount in all of 686,390*l.* In 1768 parliament extended the prohibition against a dividend of above ten per cent. to the 1st of February, 1769; but the following year a new act was passed continuing to the company their territorial revenues in India for five years more on the former condition of an annual payment of 400,000*l.* into the exchequer, and authorising them to increase their dividends gradually to twelve and a-half per cent. The company were also bound, during the five years, to export British merchandise to the annual amount of 380,837*l.*, exclusive of military and naval stores, that being the average amount of their export of such goods for the five preceding years. Upon this they raised their dividend in 1769 to eleven per cent.; in 1770 to twelve per cent.; and in 1771 to the highest allowed rate of twelve and a-half per cent. But this rate was only maintained for three half years. Before the end of the year 1772, the amount of debt that had accumulated so alarmed them that they not only suddenly reduced the dividend to the old rate of six per cent. (by which, in conformity with a clause in the act of parliament, they released themselves from the heavy annual payment to government), but came to the resolution of applying to parliament for a loan. The consequence was, that the affairs of India

were again brought before the House of Commons in the spring of 1773 ; when the inquiry resulted in the passing of two new acts for regulating the proceedings of the company both in India and in Europe, by which, among other things, it was directed that nothing less than the possession of 1000*l.* of stock, held for at least twelve months, should give a right to vote at the meetings of the proprietors ; that an advance of 1,400,000*l.* of the public money should be made to the company at an interest of four per cent. ; and that till that loan was repaid the company should be restricted from making any dividends above six per cent. By another act passed this same session, the company was authorised to export tea to the American colonies, receiving a drawback of the whole custom duty on the commodity ; and cargoes were accordingly dispatched to Boston, New York, Philadelphia, and Charlestown, which merely, however, served the purpose of provoking the first actual blow in the contest which, in its issue, separated the colonies from the empire ; for it was one of these inauspicious cargoes that the people of Boston, on the 18th of December in this year, disposed of so summarily by unloading it into the sea. Of the rest, not a single pound was sold ; and the entire adventure was a dead loss to the company. Meanwhile, also, an increase of the duty upon tea at home so greatly reduced the consumption, or, more probably, encouraged the smuggling trade, that the average sales for the five years beginning with 1773 were only 5,559,007 lbs., instead of 8,075,794 lbs., which had been the average of the five preceding years.

Yet the difficulties in which the company had been involved had certainly not been produced by their trade, which on the whole had been in a flourishing and improving state. The source of the pecuniary pressure and embarrassment under which they had been labouring ever since their acquisition of the territorial revenues of Bengal had been undeniably the expenses entailed by their new character and position as a great political power, aggravated by the extravagance, profusion, and rapacity of the generality of their servants in India, left as they

had been in that distant region to exercise, almost without any control either from law or public opinion, the supreme command over all the resources of the country to which they had been so suddenly elevated. The number of ships dispatched by the company in the year 1762 was 21; and in no subsequent year down to 1772 inclusive was the number so small: it was 28 in 1763, 32 in 1768, 31 in 1770, and 26 in each of the two following years. In 1773 and 1774 it was only 15; but it rose again to 19 in 1775, and to 23 in 1776. The value of the entire merchandise exported by the company was 520,719*l.* in 1760; and in the course of the next fifteen years it varied from 471,499*l.*, which it was in 1773, to 653,000*l.*, which was the amount it reached in 1768. On the whole, however, the average amount, more especially down to 1770, was very much greater than it had ever been in any former period. The quantity of bullion exported, which in 1760 was only 91,924*l.*, hardly a tenth of what it had been nine or ten years before, and which in 1761 had sunk to 27,327*l.*, was in 1764 not less than 369,831*l.*; and, although in 1766 it had been only 955*l.*, and none at all had been sent out in 1767, it was still 202,110*l.* in 1771; but for three of the following five years it was never much above 10,000*l.*, and was no more than 40,824*l.* in 1772, and no more than 109,422*l.* in 1776. This great diminution of later years in the money payments of the company was, in the prevalent notion, one of the chief indications, perhaps the chief indication, of the prosperity of the trade; but, in the absence of any statement of actual profits, which indeed the manner in which the company's commercial were mixed up with their political transactions now made it almost impossible satisfactorily to ascertain, the most distinct register of the extension or contraction of the trade will be found in the total amount of the exports for each year, including money as well as goods. For the year 1760 the value of the total exports was 612,643*l.*; after which it did not again reach the same amount till the year 1764, when it was 879,856*l.* For four of the six following years it was also above 800,000*l.*; but in 1766 and 1767 it fell again

below 600,000*l.* In 1771 it was still 708,950*l.*; but in 1772 it was only 531,896*l.*, and in 1773 only 483,366*l.*; nor did it again reach 600,000*l.* till the year 1776, when it was 668,888*l.* Of the general imports of the company we have no account at this time; but the quantity of tea imported in each year is recorded from the year 1765. In that year its amount was 5,473,186 lbs.; and that was also about the average of the two following years. But in the five years from 1768 to 1772 it averaged above 8,000,000 lbs., having in 1769 been as high as 9,447,522 lbs. In 1773, however, it fell again to 4,577,477 lbs.; nor did it again reach so high as 7,000,000 lbs. in the next six years. The annual produce of the tea sales at this time was usually from 900,000*l.* to 1,200,000*l.*, out of which sum, however, the company had to pay the duties of custom and excise, amounting on an average to 700,000*l.* a-year. In the five prosperous or at least active years from 1768 to 1772 inclusive, the returns rose, indeed, to an annual average of 1,371,730*l.*; in 1770 they amounted to 1,555,968*l.*; but, on the other hand, in 1773 they were only 830,902*l.*, and in 1776 only 777,011*l.*

We will conclude our view of the commerce of the country during the interval from the termination of the Seven Years' War to the commencement of the war with the colonies by a short account of the progress of our shipping, of our general exports and imports, and of our customs revenue, throughout that peace of fourteen years' duration.

In 1761 the number of vessels belonging to all the ports of England was 6119, and their reputed burthen 405,793 tons; and the vessels belonging to Scotland were 956, measuring 51,523 tons. In 1763 the English shipping had increased to 6571 vessels, of 496,093 tons; the Scotch to 1062, of 59,862; making 7633 vessels, and 555,955 tons in all. And from this point the mercantile marine of both countries continued to grow, with little interruption, till in 1775 the number of English ships was 7549, having an aggregate burthen of 605,974 tons; and that of the Scotch 1559, weighing 91,330 tons;

making in all 9108 vessels and 697,304 tons. The increase, therefore, during the peace may be stated in round numbers at about 20 per cent. in the English shipping, and about 50 per cent. in that of Scotland. The amount of the British shipping annually cleared outwards, which in 1762 had been 543,444 tons, increased from 631,724 tons in 1763 to 901,016 tons in 1774; that of the foreign ships cleared outwards, which in 1762 had been 124,926 tons, declined from 91,593 tons in 1763 to 68,402 tons in 1774. In 1775 the quantity of British shipping cleared out was 882,579 tons, of foreign 68,034; making a total of 950,613 tons, instead of 723,317, the total amount for 1763. The increase of our export trade during the interval of peace, therefore, in so far as it was carried on by means of our own shipping, had not been much less than 50 per cent. The official value of the total exports from England, which, in 1762, the last year of the war, was 13,545,171*l.*, and in 1763 was 14,487,507*l.*, in 1771 reached the sum of 17,161,147*l.*, and in 1775 was still 15,202,366*l.* The exports from Scotland, which in 1762 were valued at 998,165*l.*, and in 1763 at 1,091,436*l.*, continued to increase, till in 1771 they attained the amount of 1,857,734*l.*, from which however they had declined to 1,123,998*l.* in 1775.* If we com-

* In considering the exports for a series of years, we may take along with us the remark of Chalmers, "that, when one year furnishes a great exportation, the next supplies the foreign markets withless; the third usually sends a cargo superior to the first; and the fourth gives often a smaller quantity than the last, the amount of which, however, is seldom below the level of the first." "This striking variation," Chalmers adds, "arises chiefly from the irregularities of universal demand, since foreign fairs are sometimes empty and sometimes full; and partly from the speculations, perhaps the caprice, of traders. And it has been shown from the most satisfactory proofs that the year of profound peace which immediately succeeds the conclusion of a lengthened war always exhibits a great exportation, because every merchant makes haste to be rich; thus 1698, 1714, 1749, 1764, 1785, and 1802 form epochs of great relative traffic."—*Historical View of the Domestic Economy of Great Britain and Ireland*, p. 324.

pare the year 1763, the first of the peace, with 1774, which was the last that can be considered not to have been disturbed by the shadow of the coming war, the entire increase of our export trade during this period of tranquillity would thus appear to have been only about nine per cent. Its real increase, however, was probably somewhat greater, inasmuch as the calculation of the official values takes no cognizance of any improvement in the qualities or prices of commodities, which yet is an element that materially enhances the profits of the trade. The augmentation of the imports was, according to the official tables, considerably greater; the value of those into England having risen from 8,870,234*l.* in 1762, and 11,665,036*l.* in 1763, to 13,275,599*l.* in 1774, and to 13,548,467*l.* in 1775; and that of those into Scotland, which was only 708,925*l.* in 1762, and only 903,891*l.* in 1763, having become 1,202,276*l.* in 1774, and 1,267,388*l.* in 1775. Thus, the value of the British imports for 1763 having been 12,568,927*l.*, and that of those for 1774, 14,477,876*l.*, the increase from the one year to the other was about sixteen per cent. Putting the exports and imports together, the entire increase of our foreign trade between 1763 and 1774 was, according to the official accounts, from an annual amount of 28,147,870*l.* to one of 31,766,363*l.* In this actual increase of the amount of our trade, however, the popular theory perceived only a diminution of the national profits thence arising, inasmuch as the so-called balance in our favour, or the excess of exports over imports, had at the same time fallen from 3,010,016*l.* to 2,738,572*l.* Indeed the favourable balance had in 1764 been not less than 6,195,646*l.*, and in 1775 it was reduced for the whole of Great Britain to 1,510,508*l.*, while for Scotland it was actually converted into an unfavourable balance, the Scottish imports that year having been 1,267,388*l.* and the exports only 1,123,998*l.* We may add to these particulars a notice of the amount of customs annually paid into the exchequer, derived chiefly from exports: *—it was 1,853,691*l.* in

* "Those duties had their commencement from the act of tonnage and poundage, at the Restoration, when the whole

1762; 2,249,604*l.* in 1763; 2,642,129*l.* in 1771; 2,567,770*l.* in 1774; and 2,481,031*l.* in 1775. Some few alterations of the rates, however, had taken place in the course of this series of years.

An arrangement which was calculated to operate favourably both upon the regular commerce and upon the revenue of the country was the purchase by parliament of the sovereignty of the Isle of Man from the Duke of Athol in 1765. In an act of parliament, passed in 1725, it is affirmed that, while "great sums of money are paid out of his majesty's duties of customs on account of debentures for tobacco, and other foreign goods and merchandises shipped for exportation to the Isle of Man," it had been "found by experience that the greatest part of such tobacco, and such other foreign commodities, are customs did not much exceed 400,000*l.* This law, which imposed five per cent. of the value on goods exported as well as on goods imported, on domestic manufactures as well as on foreign merchandises, and which laid particular taxes on our own woollens, and double taxes on all goods when sent out by aliens, was surely framed by no very judicious plan, though two and a-half per cent. of the value were allowed to be drawn back on goods that, having been imported, should be again sent out in a twelvemonth. The publications of Mun, of Fortrey, and of Child, soon after the Restoration, diffused more acquaintance with commercial legislation. The alien duties on the export of native commodities and domestic manufactures were judiciously repealed in 1673. The taxes on the exportation of woollens, of corn, meal, and bread, were happily removed in 1700. Yet it was not till 1772 that, on a systematic consideration of the burthens which obstructed trade, all duties on the export of British manufactures were withdrawn, except on a few articles which, being regarded as materials, were still to be sent to rival nations with discouragements. But the imports were discouraged then, and have been successively burthened with new subsidies and additional duties"—*Chalmers's Historical View*, p. 342. The Fortrey here mentioned is Samuel Fortrey, Esq., the author of a small tract, in only forty-three duodecimo pages, entitled "England's Interest and Improvement," which was published in 1763, and is also highly praised by Anderson.

shipped for the Isle of Man with no other intent than fraudulently to reland the same on the coast of Great Britain or Ireland, by which evil practices his majesty's revenues of customs are very much lessened, and the fair traders prejudiced and discouraged in their trade ;" and in order to prevent such frauds and abuses the commissioners of the treasury are by a subsequent clause authorised to effect the absolute purchase for his majesty of the lordship of the island from the Earl of Derby, to whom it then belonged.* But the negotiation begun at this time was not carried through, and the illicit traffic continued to flourish unchecked. In the "Tour through Great Britain," said to have been originally begun by Defoe and continued by Richardson, it is stated in a passage evidently written before the purchase of the island, although it stands unaltered in the edition before us printed in 1778, that the practice had been in existence for little more than half a century, but that it had been making very rapid progress all that time: if this was written by Richardson, as it probably was, a few years before the smuggling was put an end to, it would carry back its commencement to about the beginning of the century. "As everywhere else, so in this island," continues the writer of the Tour, "it has been attended with a numerous train of the most mischievous consequences. It was first introduced by foreign vessels landing their cargoes here, in order to elude the laws made for the benefit of British commerce, and by these means immense sums have been drained from these kingdoms. The goods thus landed are, from the convenient position of the isle, exported again in prodigious quantities in barks and boats into Wales, England, and Scotland, to the almost incomputable detriment of the revenue of the crown, and to the extreme prejudice also of the fair trader. But, independent of these injuries to their fellow subjects, it seems also to be in a fair way of becoming destructive to the island itself, by corrupting the manners of the inhabitants, and divesting them of all thoughts of honest improvements." It is added in a note,

* Stat. 12 Geo. I., c. 28.

that, in a memorial given in to the treasury many years ago by the fair traders of Cumberland, the pecuniary loss thus sustained by the public was estimated at not less than 400,000*l.* per annum ; and it was now supposed by many persons to be much greater. A short time before the purchase of the rights of the Duke of Athol, it was thought worth while to station a number of ships of war and cutters around the coasts of the island for the protection of the revenue and the legal trade.* At the same time it appears that the whole revenue drawn by the Duke of Athol did not average quite 7300*l.* a year, of which the customs paid to him as sovereign were somewhat above 6000*l.* Government therefore made a good bargain when it obtained from the duke the relinquishment of his right of levying these customs, and also of all his civil patronage in the island, for the sum of 70,000*l.*† It was now enacted that after the 1st of June, 1765, the revenue officers should search all vessels arriving in Man, and seize all goods illegally imported, in the same manner as in Great Britain ; that no foreign spirits should be carried thither but from England or Scotland ; and that none should be brought into the rest of the kingdom from thence.‡ At the same time another law was made taking away all bounties and drawbacks upon goods exported to the Faroe Islands, a practice having, it seems, grown up of shipping such goods for these more distant islands also, and afterwards relanding them in some part of Great Britain.§

The principal facts illustrative of the history of our commerce during the colonial war have been so well collected and arranged, chiefly from official sources, and in some instances from unpublished documents, by the late George Chalmers, who held the office of chief clerk to the Board of Trade, that we cannot do better than present an abstract of the generally able and valuable portion of his work on the “ Domestic Economy of Great Britain

* Macpherson, *Annals*, iii. 405.

† His grace, however, afterwards obtained an additional grant.

‡ Stat. 5 Geo. III., c. 39.

§ *Ibid.*, c. 43.

and Ireland," which goes over the ground from 1775 to 1783.*

On the average of the years 1772, 1773, and 1774, which may be regarded as the three last years of the peace, the total quantity of shipping cleared outwards from Great Britain was 966,074 tons (of which the foreign shipping amounted only to 66,443 tons); and during the same space the average estimated value of our exports was 17,128,029*l*. In 1775, 1776, and 1777, the first three years of the war, the average quantity of our shipping cleared outwards fell to 942,250 tons (of which 81,665 were foreign); and the average value of our exports to 14,857,697*l*. In 1778, when the French joined the Americans, the quantity of shipping cleared outwards sunk to 865,336 tons (of which 93,786 were foreign); and the value of our exports was only 12,253,995*l*. The addition, however, of Spain to the number of our enemies in the following year does not seem to have had any very serious effect on our trade, or what effect it had may have been counteracted by other causes: for in 1779, although the quantity of shipping cleared outwards was reduced to 792,003 tons (of which 149,040 were foreign), the estimated value of our exports rose to 13,189,325*l*.; and in 1780 the quantity of shipping rose to 885,397 tons (including 154,111 foreign), although the value of the exports declined to 12,648,616*l*. Finally, in 1781, when the Dutch had struck in, the shipping cleared outwards came to be only 778,994 tons (including 170,775 foreign), and the value of the exports only 11,342,296*l*. But this was the lowest point of depression which our trade touched in the course of the contest; in the very next year, 1782, the last year of actual hostilities, the quantity of shipping cleared outwards was 840,606 tons (including 225,456 foreign), and the value of the exports had risen to 13,017,391*l*.† The loss of the trade to America—the largest branch of our export trade—of course was alone enough to account

* Our references will be to the edition of 1812. In preceding editions the work is entitled "An Estimate of the Comparative Strength of Great Britain."

† Computed from two tables in Chalmers, pp. 164, 165.

for a great part of this falling off in the estimated value of the exports; but Chalmers is disposed to concur with a remark of Lord Auckland, "that, in the latter period, it may be doubted whether the dexterity of exporters, which in times of regular trade occasions ostentatious entries, may not, in many instances, have operated to under valuations." On the whole, however, it is admitted that in the course of no war since that of the Revolution was our shipping so much damaged, or our traffic so far driven from its usual channels. The alarm created by the interference of France first interrupted our general commerce; but the effect of that alone would probably have been soon overcome. "There was," it is observed, "an evident tendency in our traffic to rise in 1779, till the Spanish war imposed an additional burthen. There was a similar tendency in 1780, till the Dutch war added, in 1781, no inconsiderable weight. And the year 1781, accordingly, marks the lowest degree of depression, both of our navigation and our commerce, during the war of our colonies. But, with the same vigorous spirit, they both equally rose in 1782, as they had risen in former wars, to a superiority over our navigation and commerce during the year wherein hostilities with France began. We have beheld, too, on the return of complete peace, the spring of our traffic rebound with mighty force. A considerate eye may see this in 1783 and 1784, though the burthens of war were then removed with a much more tardy hand than in 1763 and 1764. Twenty years before, the preliminaries of peace were settled in November, 1762, and the definitive treaty with France and Spain was signed on the 10th of February thereafter; so that complete tranquillity was restored early in 1763. But, owing to the greater number and variety of belligerent powers, the last peace was fully established by much slower steps. The provisional articles were settled with the separated colonies in November, 1782. The preliminaries with France and Spain were adjusted in January, 1783. The definitive treaty with both and with the United States of America was signed on the 3rd of September, 1783. Though an armistice was agreed

on with Holland in February, 1783, preliminaries were not settled till September thereafter, and the definitive treaty was not signed till the 24th of May, 1784. And with Tippoo Saib, who was no mean antagonist, peace was not concluded till March, 1784.* These facts and dates ought to be kept in mind when a comparison is made between the averages of the last three years of the peace already given and the year 1783, in which the quantity of shipping cleared outwards was 1,037,905 tons (including 170,938 foreign), and the estimated value of the exports 15,468,287*l*; the year 1784, in which the shipping was 1,050,487 tons (including 118,268 foreign) and the exports 15,734,062*l*.; and the year 1785, in which the shipping was 1,182,346 tons (including 107,484 foreign), and the exports 16,117,649*l*. Each of these years, it will be observed, exhibits an improvement upon its predecessor in all the three particulars, of the entire quantity of shipping cleared outwards, the proportion of the shipping which belonged to British owners, and the value of the exported cargoes. And it is remarkable that so early as 1784 even our exports to the United States already exceeded in amount what our exports to our American colonies had been on the average of the years 1771, 1772, 1773; their average annual value during these three years was 3,064,843*l*.; and their value in 1784 was 3,397,500*l*. “Yet,” as Chalmers remarks, “the exportations of the years 1771-2-3 were, beyond example, great, because the colonists were even then preparing for subsequent events.” “From the epoch,” he adds, “that we have met industrious competitors in their ports, we have had too much reason to complain of having rather traded too much with a people who affect to be great traders without having great capitals.”† The imports from America, however, which on the average of 1771-2-3 were estimated at the annual amount of 1,322,533*l*., were no more than 749,329*l*. in 1784.

As connected with the American trade, the state of the Newfoundland fishery after the termination of the

* Chalmers, p. 169.

† Ibid., p. 173.

war may be noticed, and compared with its state after the peace of 1763. In 1764 the number of British ships engaged in the fishery was 141, weighing 14,819 tons; in 1784 it was 236, weighing 22,535 tons; in 1764 the number of British trading ships that arrived in Newfoundland was 97, weighing 11,924 tons; and in 1784 it was 60, weighing 6297 tons: in 1764 the number of colonial ships engaged in the fishery was 205, weighing 13,837 tons; in 1784 the number from the United States was only 50, of the aggregate burthen of 4202 tons: in 1764 the quantity of fish exported from Newfoundland was 470,188 quintals; in 1784 it was 497,884. Again, in 1765 the British fishing ships were 177, measuring 17,268 tons; the British trading ships 116, measuring 14,353 tons: the colonial ships 104, measuring 6927 tons; the quantity of fish exported 493,654 quintals: in 1785 the British fishing ships were 292, their burthen 26,528 tons: the British trading ships 85, their burthen 9202 tons; the ships from the United States 58, their burthen 6260 tons; and the quantity of fish exported 591,276 quintals. Thus, this fishery, instead of having been totally lost, as was the common cry of a certain class of speculators during the war, remained to a much greater extent in our own hands after the separation of the colonies than it had ever been before.

The Greenland fishery also continued to be carried on to a greater extent after than it had been before the American war. The number of ships that sailed to the Greenland seas from England in the four years from 1772 to 1775 inclusive, was 266 in all, making an annual average of $66\frac{1}{2}$; the number in the four years from 1782 to 1785 inclusive was 314, or, on an average, $78\frac{1}{2}$ annually. The number in 1775 was 96: in 1785, 140, besides 13 from Scotland; making in all 153.

On the subject of the general results of the American war and the emancipation of the colonies as affecting both the commercial and the other interests of the mother-country, the following remarks by Chalmers are sensible as well as ingenious:—"It is, indeed, fortunate for us that the French were so much blinded by the splendour

of giving independence to the British colonies, as not to see distinctly how much their interposition and their aid promoted the real advantage of Great Britain. When the colony-war began, the true interest of France consisted in protracting the entanglements which necessarily resulted from the virtual dependence of thirteen distant communities, claiming separate and sovereign rights, and which continued to enfeeble the British government by their pretensions, their clamours, and their opposition, till the dissatisfied provincials had, in the fulness of time, separated themselves, without any effort on their part, or any struggle on the side of Great Britain. From those embarrassments the French have, however, freed by their policy the rival nation. And they have even conferred on the people whom they wished to depress actual strength, by restoring unconsciously the ship-building, the freights, and the fisheries, of which the colonists had too much partaken, and which, with other facilities, have resulted to the mother-country from the absolute independence of the American states."* And again—"Had Great Britain, like Spain, received any public revenue from the transatlantic territories, she had doubtless lost this income by the independence of her colonies. If Great Britain has thereby lost sovereignty without jurisdiction, she has freed herself from the charges of protecting an extensive coast, without deducting anything from her naval strength; since the colony-sailors were protected by positive statute from being forced into the public service. While this nation has saved the annual expense of great military and civil establishments, it can hardly be said to have lost any commercial profits. And, by excluding the citizens of the United States from their accustomed participation in the gainful business of ship-building, of freights, and of fishery, Great Britain has, in fact, made considerable additions to her naval power. Thus, the means which were used to enfeeble this country have actually augmented its strength, whatever may have been the fate of the other belligerent parties."†

* Chalmers, p. 178.

† Ibid., p. 179.

A few facts remain to be stated, in order to bring down the history of the trade with the East Indies to the close of the present period. In 1777 the East India Company, having paid their debt to government, raised their dividend to seven per cent.; and in 1778 they raised it to eight per cent. On intelligence being received of the breaking out of the war with France in the latter year, the French establishments in Bengal and Coromandel were instantly attacked, and before the end of July all of them had fallen, except only Pondicherry, which was also compelled to surrender in October following. In 1781 the company obtained a new charter, continuing their exclusive commercial privileges and territorial possessions to the 1st of March, 1791. By this time they had become involved in the war with the Mahrattas and Hyder Ali, in the south of India, which, continued after the death of Hyder, in 1782, by his son Tippoo Saib, aided by the French, was not terminated till 1784. In November, 1783, Mr. Fox, then minister, brought forward his two bills for a new regulation of the affairs of the company, the defeat of which determined also the fate of the government. In the course of the discussions to which these measures gave rise in the House of Commons, it was stated that the sums contributed to the revenue for customs and excise upon the company's trade for the preceding fifteen years had amounted to not less than 19,889,673*l.*, besides which they had paid 2,569,399*l.* for being secured in their privileges and territorial revenue, and had in 1779 made the public the magnificent present of three seventy-fours and six thousand seamen, which cost them 109,002*l.* Their losses by the late war they estimated at 3,856,666*l.*, over and above the charges of the four unfortunate cargoes of tea sent to America in 1773. And during the whole fifteen years their dividends, about the extravagance of which so much was said, had only amounted to 3,788,644*l.* In January, 1784, Mr. Pitt, now first lord of the Treasury, brought in his first bill for the better government of India, the rejection of which occasioned the dissolution of parliament in March following; but his second bill, establishing the

Board of Control, was passed by the new parliament in August of that same year.

The estimated value of the entire exports of the company in 1776 was 668,888*l.*, inclusive of 109,422*l.* of bullion; nor throughout the remainder of the period now under review did the amount of merchandise sent out vary much, although to the year 1784 inclusive the bullion never again amounted to much above 10,000*l.*, except in 1780, when it was 15,014*l.*, after which there was no export of gold or silver at all till the year 1785. In 1784 goods were exported to the value of 418,747*l.*, which was rather under the average amount. A very considerable proportion of the exports at this time still consisted of woollens: thus, the prime cost of the woollen goods taken out by the company in 1781 was 350,005*l.*; in 1782, 218,826*l.*; in 1783, 209,024*l.*; in 1784, 238,946*l.* Of these quantities there were sent in 1781 to Bengal to the value of 61,829*l.*, in 1784 to that of 32,305*l.*; to Madras in 1781 to the value of 20,742*l.*, in 1784 to that of 24,654*l.*; to Bombay in 1781 to the value of 118,176*l.*, in 1784 to that of 34,472*l.*; to China in 1781 to the value of 129,179*l.*, in 1784 to that of 146,741*l.*; to St. Helena in 1781 to the value of 79*l.*, in 1784 to that of 77*l.* From the year 1776 we have also an account of the estimated value of the imports of the company; from which it appears that in that year they amounted to 3,263,377*l.*, and that for the next seven years they fluctuated between 3,589,854*l.*, which was their amount in 1778, and 2,853,528*l.*, to which they fell in 1779. Tea continued to be the principal article brought home: the quantity, which in 1776 was 4,577,953 lbs., which sold for 777,011*l.* (including the duty), had risen by the year 1780 to 7,559,278 lbs., the produce of the sale of which (inclusive of the duty) was 1,309,305*l.* For the next three years the importations were somewhat less, but in 1783 the quantity of tea brought home by the company was still 5,857,883 lbs., and the produce of the sales, with the duty, 1,131,342*l.* With the year 1784 commenced a new era of the tea trade, the effect of Mr. Pitt's Commutation Act, passed in that year; the

account of which, however, must be reserved for the next Chapter.

Another peculiarly circumstanced branch of our foreign commerce, as it was at this time considered, was our trade with Ireland. The modern commerce, and indeed civilization generally, of Ireland may be regarded as taking its commencement from the reign of James I. Chalmers quotes an unpublished document, from which it appears that in 1626, among the exports from Ireland were 449 tons of iron, 557 tons of lumber, 398,400 barrel staves, 409 hogshhead staves, and 25,000 pipe staves. Lumber, the produce of a country not yet cleared of its natural woods, continued to be exported from Ireland even so late as 1669.* But, besides agricultural produce and fish, some coarse manufactures were also exported in the early part of the seventeenth century; and these other branches were improving as the timber trade declined. The great civil war swept away for a time all this growing prosperity; but after the Restoration the commerce rapidly revived; so that in the year 1665 the exports were estimated at 358,077*l*. Among them, for the first time, appear linen yarn (to the value of 17,385*l*.) and linen cloth (to that of 590*l*.): the remainder consisted of agricultural produce (including, however, some woollen goods), 309,808*l*.; fish, 24,107*l*.; skins of wild animals, 2687*l*.; wood, 2384*l*.; manufactured iron, 1116*l*. Of the entire exports England took about a half, consisting principally of live cattle, sheep, wool, linen, and yarn, and of about three-fourths of all the other articles.† The imports to Ireland that year were, from England 200,450*l*.; from foreign countries 135,593*l*.; in all 336,043*l*.; of which the tobacco amounted to 70,000*l*.; and the wine to 50,000*l*. By the year 1681 the Irish exports had risen to 582,814*l*. and the imports

* Domestic Economy of Great Britain and Ireland, p. 409, note.

† These particulars Chalmers took from documents which he found in the paper-office, having been sent to Mr. Secretary Williamson by Sir Peter Pett (in the reign of Charles II.)—*Domestic Economy*, p. 412.

to 433,040*l.* The war of the Revolution again interrupted the progress of industry and trade; such indeed was the state to which the country was reduced by the distress of the time that the entire gross revenue collected in Ireland was in 1689 only 11,814*l.*, and in 1690 only 116,112*l.*; nor in 1694 was it more than 297,149*l.* But tranquil times gradually brought back the old prosperity; by the year 1697 the exports had again risen to 525,004*l.*, the imports to 423,182*l.*; and the next year, after the war with France had been terminated by the peace of Ryswick, the exports at once bounded up to 996,305*l.*, and the imports to 576,863*l.* The restrictions upon the rising woollen manufacture of Ireland, which were soon after this begun to be imposed by the English parliament, considerably affected the trade for 1700, 1701, and 1702; but still for the three years ending with 1701 the average of the exports was 779,109*l.*, and that of the imports 726,559*l.* But the very prospect of war in 1702 reduced the exports to 493,435*l.*, and the imports to 475,158*l.*; nor did they recover their former amount till after the peace of Utrecht. For the three years 1713, 1714, 1715, the average annual amount of the exports was 1,280,810*l.*; of the imports 882,829*l.* From this date, however, the trade rather declined for some years upon the whole, so that for the three years ending with 1728, the annual average of the exports was 1,035,575*l.*, and that of the imports 916,895*l.*; making together only 1,952,472*l.*, instead of 2,163,639*l.*, the amount of the two thirteen years before. Chalmers conceives that this falling off was principally owing to the uncertain condition of political affairs, and to the extensive stock-jobbing both in France and England, which had so shaken private credit. But in ten years more the trade of Ireland had recovered the point at which it stood at the beginning of the reign of George I. For the three years ending with 1738, the last of the peace, the exports averaged 1,232,446*l.*, the imports 951,548*l.*; making together 2,183,994*l.* And for the three years that followed the peace of Aix-la-Chapelle—1749-50-51—the exports averaged 1,858,606*l.*, the imports 1,497,437*l.*;

making a total of 3,356,043*l*.* In the year 1755, again, the exports were 2,047,660*l*., the imports 1,711,552*l*.; making an aggregate amount of 3,759,212*l*. Nor did even the war that broke out in the following year prevent the continuance of this advancing movement. For the three years ending with 1762, which were years of war, the average of the Irish exports was 2,274,422*l*., of the imports 1,696,764*l*.; making together 3,971,186*l*. Much of this flourishing trade consisted in the exportation of beef, butter, and other provisions, the demand for which was rather augmented than otherwise by the war. But the peace that followed brought a still higher degree of prosperity; the average of the annual exports for the three years ending with 1772 having been 3,302,576*l*., that of the imports 2,415,785*l*.; making a total of 5,718,361*l*. In the midst of the embarrassments of the colonial war the Irish successfully demanded freedom of trade and industry, as well as legislative independence and general political freedom; and various acts were passed by the English parliament in 1778, 1779, and 1780, for undoing the work of more than a century of restrictive policy. The following summary of these acts is given by Chalmers:—"By the 18 Geo. III., c. 55, certain goods were allowed to be exported directly from Ireland into the British plantations in America, and to the British settlements in Africa; and Irish-built ships were declared to be entitled to the same privileges as British. By the 18 Geo. III., c. 61, Papists were relieved from the disability of holding estates in Ireland. By the 19 Geo. III., c. 35, tobacco of Irish growth was allowed to be imported into Britain. By the 19 Geo. III., c. 37, bounties on the importation of Irish hemp were granted. By the 20 Geo. III., c. 6, restraints on the export of woollen drapery and glass from Ireland were repealed. By the 20 Geo. III., c. 10, a free trade with the British settlements in America, with the British West Indies, and the British settlements in Africa, was

* This is the total obtained by the addition of the sums given by Chalmers at p. 420. Elsewhere (p. 416) he makes the total to be 3,554,042*l*.

allowed. By the 20 Geo. III., c. 18, the Turkey trade was laid open to the Irish people; and by the same statute gold and silver were allowed to be exported to Ireland." Chalmers contends that, notwithstanding these concessions, the commerce of Ireland languished during the years 1780, 1781, and 1782: "The fact is," says he, "however men may talk about freedom of trade, and whatever may be granted to the vehemence of their requests, without adequate capital, enlargement of enterprise, and the diffusion of correspondence, commerce cannot be much extended." But it appears, nevertheless, that the sum of the average annual exports and imports of Ireland for the three years ending with 1782, although these were years of war, rather exceeded the sum of those for the three years of peace ending with 1772; the exports being now 3,102,938*l.*, the imports 2,748,293*l.*; making together 5,851,231*l.* And Chalmers admits further that, as he rather splenetically expresses it, "the exports and imports of the subsequent years 1784 and 1785 did somewhat surpass the commerce of 1770-1-2, *after the United States had opened their guilty ports to the Irish trade.*"*

We may add, in connexion with this subject, that the legal rate of interest in Ireland had been reduced in 1704 from ten per cent. to eight; in 1722 to seven; and in 1732 to six per cent., at which it remained throughout the present period.

The royal navy at the commencement of the reign of George III. is stated to have consisted of 2 first-rates, carrying each from 96 to 110 guns; 11 second-rates, carrying from 84 to 90 guns; 60 third-rates, of from 64 to 80 guns; 43 fourth-rates, of from 48 to 60 guns; 71 fifth-rates, of from 26 to 44 guns; 40 sixth-rates, of from 16 to 24 guns; 68 sloops, of from 8 to 14 guns; 12 bomb-vessels; 10 fire-ships; 4 store-ships; 39 hired armed vessels; 7 royal yachts; and 5 small yachts; in all 372 vessels.† The entire registered measurement of the navy, which in 1754 had been 226,246 tons, was in 1760, 300,416 tons, but by 1774 had declined to 276,046 tons. During the six years of war, however,

* Domestic Economy, p. 425. † Macpherson, Annals, iii. 350.

from 1775 to 1781, there were built, 44 ships of the line, carrying in all 3002 guns, and weighing 56,144 tons; 110 ships, carrying 3331 guns, and weighing 53,350 tons; and 160 sloops, carrying 2555 guns, and weighing 37,160 tons; making altogether an addition of 146,654 tons. Many of these ships were lost or taken in the course of the war; yet there were in commission in January, 1783, 20 men-of-war of from 80 to 108 guns; 44 of 74 guns; 45 of from 60 to 68; 18 of 50; 64 frigates, carrying each more than 30 guns; 15 frigates carrying less than 30 each; 110 sloops, of 18 guns and under; 15 fire-ships and bombs; and 26 hired armed ships; making in all 393 vessels, which were navigated by 104,978 seamen. And there were also 17 ships, of from 60 to 98 guns each, ready to be commissioned.*

We may here note the progress of the revenue of the post-office during the present period, as affording perhaps a better index than any other single fact of the advancing commercial activity of the nation. A considerable reform of the system of the post-office signalised the commencement of this period, and a still greater its close. The former, effected by an act passed in 1764, consisted in the regulation of the privilege of franking, which up to this time was exercised by the member of parliament, or other authorised person, simply writing his name on the corner of a blank cover, and leaving the person to whom it was given afterwards to add any address he pleased. Parcels of such franks used to be obtained from members by their friends and put aside for use, just as the stamped covers sold by the post-office now are; and there was even a regular trade carried on in the retailing of franks, which it was common for the servants of members to ask their masters to sign in great numbers at a time. Franks, too, were believed to be forged to a large extent, however unnecessary that would appear to be under so very liberal a system. On the whole it was calculated that, if the usual rates were paid upon all the franked letters that passed through the post-office, the addition to the annual

* Chalmers, Domestic Economy, pp. 161—163.

revenue of that establishment would have been not less than 170,000*l.* In 1755, only nine years before this time, the gross income of the post-office was no more than 210,663*l.*; and even for the year ending 5th April, 1765, after the new system, which considerably restricted the privilege of franking, had been nearly twelve months in operation, it was only 281,535*l.* The rates were raised in 1765, but it may be doubted if that measure did not rather check the advancing productiveness of the establishment. By 1775, however, the gross revenue had risen to 345,321*l.*; and in 1784 it was 420,101*l.* The great plan of reform suggested by the celebrated John Palmer was now brought into operation. A curious account of the old post-office system is given in the exposition of his scheme which was submitted by Mr. Palmer to Mr. Pitt in 1783. "The post at present," says this memoir, "instead of being the swiftest, is almost the slowest conveyance in this country; and, though, from the great improvement in our roads, other carriers have proportionably mended their speed, the post is as slow as ever. It is likewise very unsafe, as the frequent robberies of it testify; and, to avoid a loss of this nature, people generally cut bank-bills, or bills at sight, in two, and send the parts by different posts. The postmaster-general lately advertised directions to the public how to divide a bill in such a manner as to prevent its being of any use to the robber. Rewards have also been frequently offered by him for the best constructed mail-cart, on some plan to prevent the frequent robbery of the mail, but without effect. Indeed, it is at present generally entrusted to some idle boy, without character, mounted on a worn-out hack, and who, so far from being able to defend himself, or escape from a robber, is much more likely to be in league with him." The existence of such a state of things as this little more than sixty years ago is a fact which it strains one's faith or imagination fully to believe or understand. Yet, notwithstanding all this social barbarism, for so we may truly call it, the common coaches, or diligences, as they appear to have been designated, had already made a con-

siderable advance to the admirable system of speed and punctuality which they afterwards attained, and which, now that a still more rapid mode of locomotion has almost everywhere been substituted, we may venture to describe as the perfection of horse travelling on common roads. Palmer mentions that the diligence which in 1783 left Bath at four or five o'clock on Monday afternoon would deliver a letter in London about ten on Tuesday morning, which is nearly as much as would have been done by some of the coaches that were on that road only a very few years ago. The post, however, that left Bath at ten or eleven on Monday night did not at this time deliver its letters in London till two or three on Wednesday afternoon, and frequently not till much later. The only advantage of the post was its greater cheapness; the postage of a letter from Bath to London was only 4*d.*; whereas booking, carriage, and portage made the charge by the diligence amount to about 2*s.*; "nevertheless," says the memoir, "many persons both at Bath and Bristol send by the latter; and, indeed, throughout the kingdom, every letter to which expedition is necessary is now sent by diligences, where they are established." Diligences, it is added, were now established from almost every town in the kingdom to London, and also between many of the principal towns, as from Bath and Bristol to Birmingham, Liverpool, Chester, Oxford, Exeter, Plymouth, Portsmouth, &c." Besides his admirable suggestions for the acceleration of the mails, and for ensuring both the safety of the letters and the punctuality of their transmission and delivery, Palmer, whom Pitt, greatly to his credit, appointed to superintend the carrying of his own plans into effect in the character of comptroller-general of the post-office, advised that the rates of postage should be somewhat altered, and also that the privilege of franking should be still further regulated and curtailed; and this was done by an act of parliament passed in 1784, which required members not only to write the whole address on each letter, but to add besides the name of the post-town from which it was to be sent, and the date in words; so that the letter, if dispatched on any other day,

should be charged with postage. The immediate effect of these improvements was to raise the gross income of the establishment for the year ending 5th April, 1785, to 463,753*l.*, and the increase was steadily progressive for many years after.

The only novelty in the history of our coinage within the present period was the coinage of gold pieces of the value of 5*s.* 3*d.*, called quarter-guineas, in 1761. These pieces, however, from their smallness, were found inconvenient, and they continued in circulation only for a few years. Scarcely any silver was coined in the first twenty-five years of the reign of George III. ; but the quantity of gold was very great, nearly 20,000,000*l.* in guineas and in half-guineas having issued from the mint only in the five years from 1773 to 1777 inclusive, after all the old gold in circulation had been called in.

CHAPTER XI.

FROM THE TERMINATION OF THE CONTEST WITH AMERICA TO THE PEACE OF AMIENS.—A.D. 1784—1801.

THE commercial history of the present period naturally divides itself into two distinct portions, corresponding to the nearly equal spaces of time, during the one of which we were in a state of peace, during the other in a state of war. The former may be considered as ranging over the eight years from 1785 to 1792 inclusive.

There can be no doubt that this was a time of decided economical advancement, and of great and generally diffused prosperity, both in England and throughout Europe. The old effect of the temporary check given to speculation and industry by the pressure of war, as if that impediment operated like a dam thrown across a river, only accumulating a force of water which never could have otherwise been obtained,—or like the curb applied to a high-mettled steed,—or like the iron gripe of winter, concocting the earth, and renovating those powers of vegetation which it seems for the moment to destroy—was now everywhere felt. Enterprise awoke from its lethargy like a giant refreshed by sleep; capital, long kept stationary and inactive, not only returned with a new spirit to its old channels, but found for itself many new vents, which it might have been long enough in discovering if its customary flow had suffered no interruption, and some of which were probably created by the general break-up of established relations wrought by the war. In short, it was the common natural phenomenon of the clearest sky and purest air after the stormiest weather, or the highest health after a fit of sickness, which, besides rinsing the system, has given it rest to acquire a tone it never would have acquired if the wear and tear of its ordinary movements had not been so arrested.

The most comprehensive and authentic measure we possess of the progress of our foreign trade—which again may be taken as an index of the general state of our commercial and industrial activity—is the official register of exports and imports; which, however, must still be read with the recollection of what was explained in the last Chapter, that down to the year 1798 it indicates quantities only, and not values. And it is also to be remembered that throughout the present period Ireland is regarded in these accounts as a foreign country. It appears, then, that in 1782, the last year of the American war, the total amount of the imports into Great Britain was 10,341,628*l.*, and of the exports thence to all parts of the world 13,009,458*l.*; that in 1783 the imports were 13,122,235*l.*, the exports 14,681,494*l.*; that in 1784 the imports were 15,272,877*l.*, the exports 15,101,491*l.*; and that for the next eight years the amounts were as follows:—in 1785, imports 16,279,419*l.*, exports 16,117,168*l.*; in 1786, imports 15,786,072*l.*, exports 16,300,730*l.*; in 1787, imports 17,804,024*l.*, exports 16,869,789*l.*; in 1788, imports 18,027,170*l.*, exports 17,472,238*l.*; in 1789, imports 17,821,102*l.*, exports 19,340,548*l.*; in 1790, imports 19,130,886*l.*, exports 20,120,121*l.*; in 1791, imports 19,669,782*l.*, exports 22,731,995*l.*; in 1792, imports 19,659,358*l.*, exports 24,905,200*l.** Thus we see that in the ten years of peace, from 1782 to 1792, the entire foreign trade of the country may be said to have very nearly doubled: indeed, it would probably be found to have

* From the Official Abstracts, as printed in full in Macpherson's "Annals of Commerce," under the respective years. The amounts for some of the earlier years differ somewhat from those given in the last Chapter, which were taken from the Chronological Table in Chalmers's "Historical View," opposite to p. 315. In the Continuation of Anderson, vol. iv., 1789, the figures are different from those given either by Macpherson or Chalmers. We have followed Macpherson's account in the text, as being the only complete one of the three; and, for our present purpose, the variations between it and the others are of little consequence.

increased in more than that proportion, if we had the means of ascertaining the value (which is the true essential measure) of our exports and imports, as well as their mere quantity.

The growth of our foreign trade thus indicated is borne out by the account of the tonnage of the ships entered inward and cleared outward during the same period, which is as follows:—

	Tons.		Tons.
In 1782, inward	777,253,	outward	851,512
1783, inward	1,135,674,	outward	1,039,045
1784, inward	1,215,702,	outward	1,050,487
1785, inward	1,241,761,	outward	1,182,479
1786, inward	1,264,356,	outward	1,236,219
1787, inward	1,316,501,	outward	1,349,419
1788, inward	1,558,172,	outward	1,540,686
1789, inward	1,589,009,	outward	1,591,838
1790, inward	1,705,975,	outward	1,548,207
1791, inward	1,773,862,	outward	1,696,023
1792, inward	1,891,711,	outward	1,739,300.*

Here, again, we have the amounts more than doubled in the ten years.

To this may be added the number and tonnage of the vessels belonging in each of the years to all the ports of Great Britain; which were, in 1782, 7936 vessels, measuring 615,281 tons; in 1783, 8342 of 669,802; in 1784, 9111 of 793,147; in 1785, 9753 of 859,606; in 1786, 10,382 of 932,018; in 1787, 10,411 of 1,087,874; in 1788, 11,222 of 1,204,484; in 1789, 11,496 of 1,229,644; in 1790, 12,060 of 1,287,025; in 1791, 12,526 of 1,329,968; in 1792, 12,776 of 1,348,884.† Once more here are the figures doubled within the ten

* From the tables under the respective years in Macpherson—for the last four years by computation from his tables. The Chronological Account, in Chalmers, gives the tonnage of the ships cleared outwards; and, although his figures do not quite coincide with Macpherson's, the differences are not considerable.

† From the statements under the respective years in Macpherson.

years; but it is probable that the real increase was even greater than this, for after 1787 the system of measurement was made much stricter, and the legal description of what constituted a British vessel more rigidly defined and limited, by the two shipping and registry acts, the 26 Geo. III. c. 60, and 27 Geo. III. c. 19, passed in that and the preceding year. As the account stands, however, it exhibits not only an increase in the proportion of two to one between the last year of the war and the last year of the succeeding peace, but a steadily progressive advance throughout the ten years. The expansion of our foreign commerce appears to have, during that time, not once received a check. And that which makes the most exhilarating prosperity, whether to nations or individuals, is not the actual wealth they may possess, but the fact that they are every day growing richer—that they are going forward and not falling back: to remain stationary is, for communities at least, hardly possible.

The Customs duties do not furnish quite so distinct an index of the progress of our foreign trade during this space of time, for various reasons. In 1784 the duty called petty custom, and other additional duties levied upon the goods of aliens, and also a duty of one per cent. on all trade in the Mediterranean Sea beyond Malaga, were repealed by the 24 Geo. III. sess. 2, c. 16, which set forth that such duties and restrictions were, “by the alteration of the trade now carried on between this kingdom and foreign states, in some cases become an unnecessary burden upon commerce, without producing any real advantage to the public revenue;” and in 1787 the inextricable confusion of the old rates was wholly swept away, and a new and simplified system established by the Consolidation Act, the 27 Geo. III. c. 13. In 1786, also the wine duties were altered and placed under new regulations (by the 26 Geo. III. c. 59); and in 1789 a similar extensive change was made in regard to the duties on tobacco and snuff, the greater part of which were transferred from the Customs to the Excise (by the 29 Geo. III. c. 68). The net amount of Customs paid into the exchequer is stated to have been, in 1782,

2,861,563*l.* ; in 1783, 2,848,320*l.* ; in 1784, 3,326,639*l.* ; in 1785, 4,592,091*l.* ; in 1786, 4,076,911*l.* But the Customs revenue for the two last-mentioned years was somewhat increased beyond its due amount by certain payments having been then received from the East India Company which were properly due in 1782 and 1783. In 1787 the net amount of Customs was 3,673,807*l.* ; in 1788, 3,780,770*l.* ; in 1789, 3,710,343*l.* ; in 1790, 3,782,822*l.* ; in 1791, 3,952,507*l.* ; in 1792, 4,027,230*l.* It is to be remembered that the system of drawbacks, or the remission of duties upon the re-exportation of many commodities, in great part destroys the utility of the Customs revenue as an index of the fluctuations of our foreign trade, which may expand or contract considerably in several of its departments without much affecting the revenue. To make the Customs a true measure of the trade, the gross receipts ought to be given, with the addition of the drawbacks, and also of the bounties.

The only important commercial arrangement with any foreign country that was made by Great Britain during this interval of peace was that entered into with France by the Treaty of Commerce and Navigation signed at Versailles on the 26th of September, 1786, and confirmed in the following year by parliament, both Houses of which, on the 8th of March, 1787, concurred in an address, thanking his majesty for this additional proof of his constant attention to the welfare and happiness of his subjects, and soon after (by the act of the 27 Geo. III. c. 13, passed 25th April) adopted the necessary measures for carrying the provisions of the treaty into effect. This treaty, commonly named after Mr. William Eden (afterwards Lord Auckland), by whom it was negotiated, was founded on principles more liberal than had ever before, or have ever since, been recognised in any similar compact between England and France. It commenced with a joint declaration by his Britannic Majesty and his Most Christian Majesty of their desire to establish "a system of commerce on the basis of reciprocity and mutual convenience, which, by discontinuing the prohibitions and prohibitory duties which have existed for almost a century between the two nations,

might procure the most solid advantages on both sides to the national productions and industry, and put an end to contraband trade, no less injurious to the public revenue than to that lawful commerce which is alone entitled to protection." In the spirit of this profession it was stipulated, in the first place, that there should be "a reciprocal and entirely perfect liberty of navigation and commerce between the subjects of each party, in all and every the kingdoms, states, provinces, and territories subject to their majesties in Europe, for all and singular kinds of goods in those places;" and by the second article it was declared that, even in the case of a rupture breaking out between the two crowns—"which rupture," said the treaty, "shall not be deemed to exist until the recalling or sending home of the respective ambassadors and ministers"—the subjects of either power residing in the dominions of the other should be allowed to remain and continue their trade, without any manner of disturbance, so long as they behaved peaceably and committed no offence against the laws of the country; "and in case," it was added, "their conduct should render them suspected, and the respective governments should be obliged to order them to remove, the term of twelve months shall be allowed them for that purpose, in order that they may remove with their effects and property whether intrusted to individuals or to the state." The third article bound the subjects of either party to abstain from all acts of hostility against those of the other, either by sea or land, and to accept of no patent or commission for privateering from any princes or states enemies to the other party; either government, as often as required by the other, engaging to visit transgressors with the severest penalties in its power to inflict. If such an agreement as this had subsisted between the two countries during the peace that succeeded the Seven Years' War, the private adventurers who flocked from France to assist the Americans at the commencement of their rebellion could not have been permitted by their government to gratify their peculiar sympathies in that manner; and the insertion of the

article in the present treaty may be regarded as a condemnation, or renunciation at least, by the French court, of the policy which it had then pursued. By the next article liberty was secured to the subjects of either sovereign, "without licence or passport, general or special, by land or by sea, or any other way," to enter, return from, pass through, or remain in, any dominions, towns, or other places whatsoever in Europe belonging to the other, therein to purchase whatever they pleased; "and they shall mutually," said the article, "be treated with all kindness and favour." The fifth article put English and French subjects on the same footing as to the right of coming with ships and merchandises to all places belonging to either government in Europe, to hire houses, to warehouse their goods, &c., subject to no other impositions or duties than were provided by the treaty, or were payable by the native-born as well as the foreign trader. "In matters of religion," it was added, "the subjects of the two crowns shall enjoy perfect liberty: they shall not be compelled to attend divine service, whether in churches or elsewhere; but, on the contrary, they shall be permitted, without any molestation, to perform the exercises of their religion privately in their own houses, and in their own way. Liberty shall not be refused to bury the subjects of either kingdom who die in the territories of the other, in convenient places to be appointed for that purpose; nor shall the funerals or sepulchres of the deceased be in anywise disturbed." Then followed the tariff, or list of duties on certain goods and merchandises, of which the following were the chief items:—The wines of France, imported direct from France into Great Britain, to pay the same duties then paid by the wines of Portugal (the same abandonment of the principle of the Methuen Treaty which had proved fatal to the treaty of commerce entered into by the two governments after the peace of Utrecht); the duty upon French vinegars to be reduced by rather more than one-half (from 67*l.* 5*s.* 3 $\frac{1}{2}$ *d.* per ton, to 32*l.* 18*s.* 10 $\frac{1}{2}$ *d.*); the duty on French brandies to be reduced from 9*s.* 6 $\frac{1}{2}$ *d.* to 7*s.* per gallon; olive-oil, direct

from France, to pay no higher duty than that paid for the same from the most favoured nations; beer to pay reciprocally an *ad valorem* duty of 30 per cent.; the duties on hard-ware, cutlery, cabinet-ware, turnery, and all works of iron, steel, copper, and brass, not to exceed 30 per cent. *ad valorem*; all sorts of cottons, and also of woollens, manufactured in the dominions of the two sovereigns in Europe, to pay in both countries an import duty of 12 per cent. *ad valorem* (fabrics of cotton or wool mixed with silk, however, remaining prohibited on both sides); French and English linens to pay reciprocally no higher duties than were then paid by those of Holland or Flanders imported into Great Britain; cambrics and lawns to pay reciprocally an import duty of 5s. per demi-piece of $7\frac{3}{4}$ yards; saddlery, a reciprocal *ad valorem* duty of 15 per cent.; gauzes, one of 10 per cent.; and millinery, porcelain and earthenware, and glass (including plate-glass), one of 12 per cent. "The duties above specified," said a subsequent article, "are not to be altered but by mutual consent; and the merchandises not above specified shall pay, in the dominions of the two sovereigns, the import and export duties payable in each of the said dominions by the most favoured European nations at the time the present treaty bears date; and the ships belonging to the subjects of the said dominions shall also respectively enjoy therein all the privileges and advantages which are granted to those of the most favoured European nations." In case either government should afterwards grant any additional advantages in navigation or trade to any other European nation, it was stipulated that the subjects of the other should participate therein; without prejudice, however, to advantages which they might reserve, France in favour of Spain, in compliance with the Family Compact signed 10th May 1761; England in conformity to her convention of 1703 with Portugal (the Methuen Treaty). Then followed various regulations which need not be quoted. By the 16th article it was agreed that foreign privateers, not being subjects of either crown, who had commissions from any other prince or state at enmity with either

nation, should not be allowed to arm their ships in the ports of either of the two kingdoms, or to sell or exchange what they had taken, or even to purchase victuals, except only such as should be necessary for their going to the nearest port belonging to the power by whom they were commissioned. On the other hand, the subjects of either of the two contracting powers were to have full liberty to sail with their ships to the ports of countries at war with the other; and it was stipulated that everything should be deemed free which should be found on board such ships, "although the whole lading, or part thereof, should belong to the enemies of their majesties," with the exception only of the following commodities, which were to be considered contraband or prohibited: namely, "arms, cannon, harquebusses, mortars, petards, bombs, grenades, saucises, carcasses, carriages for cannon, musket-rests, bandoleers, gunpowder, match, saltpetre, ball, pikes, swords, head-pieces, helmets, cuirasses, halberts, javelins, holsters, belts, horses and harness, and all other like kinds of arms and warlike instruments fit for the use of troops." But, it is expressly added, after this curious enumeration of the military weapons and artillery of the day, "these merchandises which follow shall not be reckoned among contraband goods: that is to say, all sorts of cloth, and all other manufactures of wool, flax, silk, cotton, or any other materials; all kinds of wearing apparel, together with the articles of which they are usually made; gold, silver, coined or uncoined, tin, iron, lead, copper, brass, coals; as also wheat and barley, and any other kind of corn and pulse; tobacco, and all kinds of spices; salted and smoked flesh, salted fish, cheese and butter, beer, oil, wines, sugar, all sorts of salt, and of provisions which serve for sustenance and food to mankind; also all kinds of cotton, cordage, cables, sails, sailcloth, hemp, tallow, pitch, tar, and rosin, anchors and any parts of anchors, ship-masts, planks, timber of all kinds of trees, and all other things proper either for building or repairing ships. Nor shall any goods whatever, which have not been worked into the form of any instrument or furniture for

warlike use, by land or by sea, be reputed contraband, much less such as have been already wrought and made up for any other purpose." This was giving as limited a definition to warlike stores as the thing could well bear, and as large an interpretation to the rights of neutrality (only, however, between the two nations) as could be allowed without extinguishing all distinction between a neutral power and an enemy's ally. It may interest readers of the present day to quote the regulation established for the exercise of the right of search by any man-of-war or privateer of the one country meeting a ship belonging to the other, "either on the coast or on the high seas:"—a previous article having provided that all merchant-ships in war-time should be furnished with "sea-letters or passports, expressing the name, property, and bulk of the ship, as also the name and place of abode of the master or commander," and, if laden, "also with certificates containing the several particulars of the cargo, the place from whence the ship sailed, and whither she is bound;" the 26th article says, "the said men-of-war and privateers, for preventing any inconveniences, are to remain out of cannon-shot, and to send their boats to the merchant-ship which may be met with, and shall enter her to the number of two or three men only, to whom the master or commander of such ship or vessel shall show his passport containing the proof of the property of the ship, made out according to the form annexed to this present treaty; and the ship which shall have exhibited the same shall have liberty to continue her voyage, and it shall be wholly unlawful any way to molest or search her, or to chase or compel her to alter her course." Ships going to an enemy's port, "concerning whose voyage, and the sort of goods on board, there may be just cause of suspicion," were to be obliged, both on the high seas and in ports and havens where they might put in, to exhibit not only their passports, but their certificates. Contraband or alleged contraband goods, if discovered in the certificate, were not to be seized. "It shall be unlawful," says the 28th article, "to break up or open the hatches, chests, casks, bales, or other vessels

found on board such ship, or to remove even the smallest parcel of the goods . . . unless the lading be brought on shore, in the presence of the officers of the court of admiralty, and an inventory made by them of the said goods; nor shall it be lawful to sell, exchange, or alienate the same in any manner, unless after due and lawful process shall have been had against such prohibited goods, and the judges of the admiralty respectively shall, by sentence pronounced, have confiscated the same, *saving always as well the ship itself as the other goods found therein which by this treaty are to be accounted free*; neither may they be detained on pretence of their being mixed with prohibited goods, much less shall they be confiscated as lawful prize; and, if, when only part of the cargo shall consist of contraband goods, the master of the ship shall agree, consent, and offer to deliver them to the captor who has discovered them, in such case the captor, having received those goods as lawful prize, shall forthwith release the ship, and not hinder her by any means from prosecuting her voyage to the place of her destination." In short, in regard both to this and to all other matters, everything was arranged, as far as possible, upon the principle of a perfect reciprocity of rights and advantages, or of the subjects of either government being entitled to the same treatment from the other as from their own. The treaty was to last, without revision or alteration, for the space of twelve years.

From the tables of imports and exports it appears that the trade between Great Britain and France stood as follows, for each of the ten years of the peace:—In 1783, imports from France 87,119*l.*, exports thither 98,166*l.*; in 1784, imports 141,568*l.*, exports 495,572*l.*; in 1785, imports 211,791*l.*, exports 604,313*l.*; in 1786, imports 266,121*l.*, exports 612,519*l.*; in 1787 (the first year under the treaty) imports 577,012*l.*, exports 986,906*l.*; in 1788, imports 452,986*l.*, exports 1,259,672*l.*; in 1789, imports 556,060*l.*, exports 1,290,171*l.*; in 1790, imports 605,371*l.*, exports 872,323*l.*; in 1791, imports 546,057*l.*, exports 1,131,376*l.*; in 1792, imports 717,634*l.*, exports 1,228,165*l.* Comparing, therefore, the last year of the

peace with the first, it may be said that the commercial intercourse between the two countries was, not doubled, but decupled in the course of that interval; or if, discarding the first twelve months after the cessation of hostilities, we start from 1784, we find our imports from France to have become, in 1792, five times as great as in that year, and our exports thither between twice and three times as great. The commercial treaty may be said to have doubled both the imports and the exports within a year after it came into operation. After 1789 the convulsed or uncertain state of things in France, no doubt, tended to check the further developement of the trade; but still it maintained itself at the height to which it had grown: if there was a falling off in the exports in 1790, they recovered their former amount in the course of the next two years. In 1792 the exports to France from Great Britain consisted of British merchandise to the value of 743,280*l.*, and foreign produce to that of 484,885*l.* This amount of goods was carried out in 1317 British vessels, measuring 107,821 tons, and navigated by 7912 men; and in 166 foreign vessels of the burthen of 8421 tons, and carrying 1010 men. The imports from France in that year were brought in 1413 British ships, of the burthen of 91,428 tons, and manned by 7659 sailors; and in 330 foreign ships of 12,362 tons burthen, and carrying 2195 men. So that altogether the French trade at this time employed 2730 British vessels, measuring 199,249 tons, and manned by 15,571 seamen; besides 496 foreign vessels, of the burthen of 20,783 tons, and manned by 3205 hands. In this account, however, repeated voyages of the same vessel are reckoned as voyages by different vessels; the actual quantity of shipping engaged in the trade, therefore, was, no doubt, considerably less than it is here made to appear.

The progress of our trade with other parts of the world during the space of time under review will be sufficiently indicated by the following notices:—

IRELAND:—In 1785, imports from, 2,012,288*l.*, exports to, 2,168,613*l.*; in 1788, imports 2,184,963*l.*, exports 2,424,899*l.*; in 1792, imports 2,622,732*l.*,

exports 2,372,866*l.* In the last of these years the exports consisted of British merchandise to the value of 1,512,843*l.*, and foreign produce to that of 860,022*l.*; carried out in 6354 British and Irish vessels, measuring 508,372 tons, and manned by 30,192 seamen: the imports were brought in 4194 British and Irish ships, measuring 294,698 tons, and manned by 20,434 seamen, and in 15 foreign ships, measuring 2026 tons, and manned by 134 seamen.

ISLE OF MAN:—In 1785, imports from, 8389*l.*, exports to, 31,867*l.*; in 1788, imports 20,286*l.*, exports 33,036*l.*; in 1792, imports 27,342*l.*, exports 37,527*l.* In the last year the exports consisted of British merchandise to the value of 24,966*l.*, and of foreign to that of 12,561*l.*; carried out in 248 British vessels,* measuring 8841 tons, and manned by 776 seamen: the imports were brought home in 196 British vessels, measuring 7530 tons, and manned by 649 seamen.

GUERNSEY, and the other CHANNEL ISLANDS:—In 1785, imports from, 48,582*l.*, exports to, 94,303*l.*; in 1788, imports 40,178*l.*, exports 77,427*l.*; in 1792, imports 58,852*l.*, exports 92,130*l.* In the last year the exports consisted of British merchandise to the value of 79,233*l.*, and of foreign to that of 12,896*l.*; carried out in 363 British ships, measuring 19,583 tons, and manned by 1326 seamen: the imports were brought home in 336 British ships, measuring 17,830 tons, and manned by 1206 seamen, and in one foreign ship of 16 tons, with 4 hands.

EAST INDIES, and other parts of ASIA:—In 1785, imports from, 2,703,940*l.*, exports to, 1,153,532*l.*; in 1788, imports 3,453,897*l.*, exports 1,430,633*l.*; in 1792, imports 2,701,433*l.*, exports 2,425,947*l.* In the last year the exports consisted of British merchandise to the value of 2,332,172*l.*, and foreign to that of 93,774*l.*; carried out in 33 British vessels, measuring 27,645 tons, and manned by 3356 seamen: the imports were brought

* Under which denomination Irish vessels were now also included, by the act 27 Geo. III. c. 19, passed in 1787.

home in 28 British ships, measuring 21,560 tons, and manned by 2541 seamen.

BRITISH AMERICA :—In 1785, imports from, 208,511*l.*, exports to, 691,287*l.*; in 1788 imports 249,400*l.*, exports 895,393*l.*; in 1792, imports 255,797*l.*, exports 1,119,991*l.* In the last year the exports consisted of British merchandise to the value of 908,104*l.*, and foreign to that of 211,891*l.*; carried out in 363 British vessels, measuring 55,367 tons, and manned by 3965 seamen: the imports were brought home in 219 British vessels, measuring 33,176 tons, and manned by 2189 seamen.

BRITISH WEST INDIES :—In 1785, imports from, 4,340,104*l.*, exports to, 1,197,210*l.*; in 1788, imports 4,053,153*l.*, exports 1,698,890*l.*; in 1792, imports 4,128,047*l.*, exports 2,784,310*l.* In the last year the exports consisted of British merchandise to the value of 2,550,643*l.*, and foreign produce to that of 233,665*l.*; carried out in 579 British ships, measuring 138,485 tons, and manned by 8249 seamen: the imports were brought home in 648 British ships, measuring 148,360 tons, and manned by 9543 seamen.

FOREIGN WEST INDIES :—In 1785, imports from, 60,851*l.*, exports to, 653*l.*; in 1788, imports 314,678*l.*, exports 28,160*l.*; in 1792, imports 280,484*l.*, exports 106,623*l.* In the last year the exports consisted of British merchandise to the value of 95,724*l.*, and of foreign to that of 10,897*l.*; carried out in 4 British ships, measuring 425 tons, and manned by 60 seamen: the imports were brought home in 15 British ships, measuring 2791 tons, and manned by 212 seamen.

UNITED STATES OF AMERICA :—In 1785, imports from, 893,594*l.*, exports to, 2,308,023*l.*; in 1788, imports 1,032,779*l.*, exports 1,886,142*l.*; in 1792, imports 1,038,706*l.*, exports 4,271,418*l.* In the last year the exports consisted of British merchandise to the value of 3,974,827*l.*, and foreign to that of 296,590*l.*; carried out in 223 British ships, measuring 50,963 tons, and manned by 2763 seamen, and in 285 foreign ships, measuring 59,414 tons, and manned by 3041 seamen: the imports were brought home in 197 British ships, measuring

42,035 tons, and manned by 2240 seamen, and in 313 foreign ships, measuring 64,035 tons, and manned by 3138 seamen.

RUSSIA, including **COURLAND** and **LIVONIA** :—In 1785, imports from, 1,606,688*l.*, exports to, 233,997*l.*; in 1788, imports 1,916,221*l.*, exports, 358,285*l.*; in 1792, imports 1,708,670*l.*, exports 800,761*l.* In the last year the exports consisted of British merchandise to the value of 428,773*l.*, and foreign to that of 371,987*l.*; carried out in 322 British vessels, measuring 76,533 tons, and manned by 3613 seamen, and in 3 foreign ships, measuring 596 tons, with 32 hands: the imports were brought home in 922 British ships, measuring 221,217 tons, and manned by 10,345 seamen, and in 5 foreign ships, measuring 931 tons, and manned by 47 seamen.

GERMANY :—In 1785, imports from, 559,177*l.*, exports to, 1,403,980*l.*; in 1788, imports 448,863*l.*, exports 1,473,308*l.*; in 1792, imports 650,436*l.*, exports 2,139,110*l.* In the last year the exports consisted of British merchandise to the value of 811,139*l.*, and foreign to that of 1,327,970*l.*; carried out in 422 British ships, measuring 61,075 tons, and manned by 3341 seamen, and in 92 foreign ships, measuring 14,307 tons, and manned by 680 seamen: the imports were brought home in 246 British vessels, measuring 32,941 tons, and manned by 1789 seamen, and in 77 foreign ships, measuring 13,958 tons, and manned by 633 seamen.

PRUSSIA AND POLAND :—In 1785, imports from, 483,485*l.*, exports to, 97,782*l.*; in 1788, imports 462,942*l.*, exports 146,127*l.*; in 1792, imports 603,983*l.*, exports 167,036*l.* In the last year the exports consisted of British merchandise to the value of 89,398*l.*, and foreign to that of 95,100*l.*; carried out in 150 British ships, measuring 33,633 tons, and manned by 1578 seamen, and in 98 foreign ships, measuring 21,993 tons, and manned by 993 seamen: the imports were brought home in 873 British ships, measuring 188,760 tons, and manned by 8866 seamen, and in 365 foreign ships, measuring 44,035 tons, and manned by 1940 seamen.

DENMARK AND NORWAY :—In 1785, imports from,

117,454*l.*, exports to, 322,295*l.*; in 1788, imports 127,254*l.*, exports 266,965*l.*; in 1792, imports 186,648*l.*, exports 312,720*l.* In the last year the exports consisted of British merchandise to the value of 177,778*l.*, and foreign to that of 134,940*l.*; carried out in 325 British ships, measuring 52,183 tons, and manned by 2745 seamen, and in 176 foreign ships, measuring 37,584 tons, and manned by 1980 seamen: the imports were brought home in 420 British ships, measuring 49,705 tons, and manned by 2743 seamen, and in 638 foreign ships, measuring 104,253 tons, and manned by 6241 seamen.

SWEDEN:—In 1785, imports from, 203,765*l.*, exports to, 65,306*l.*; in 1788 imports 258,531*l.*, exports 62,050*l.*; in 1792, imports 338,689*l.*, exports 118,339*l.* In the last year the exports consisted of British merchandise to the value of 57,412*l.*, and foreign to that of 60,926*l.*; carried out in 148 British ships, measuring 14,988 tons, and manned by 941 hands, and in 50 foreign ships, measuring 7385 tons, and manned by 474 seamen; the imports were brought home in 276 British ships, measuring 34,345 tons, and manned by 1874 seamen, and in 136 foreign ships, measuring 21,491 tons, and manned by 1294 seamen.

HOLLAND:—In 1785, imports from, 468,121*l.*, exports to, 1,506,303*l.*; in 1788, imports 386,699*l.*, exports 1,296,218*l.*; in 1792, imports 801,534*l.*, exports 1,516,449*l.* In the last year the exports consisted of British merchandise to the value of 785,206*l.*, and foreign to that of 731,241*l.*; carried out in 1152 British ships, measuring 139,694 tons, and manned by 7699 seamen, and in 168 foreign ships, measuring 14,576 tons, and manned by 1074 seamen: the imports were brought home in 1002 British ships, measuring 130,281 tons, and manned by 7139 seamen, and in 516 foreign ships, measuring 33,536 tons, and manned by 1826 seamen.

FLANDERS:—In 1785, imports from, 127,943*l.*, exports to, 917,837*l.*; in 1788, imports 102,189*l.*, exports 868,090*l.*; in 1792, imports 132,289*l.*, exports 1,031,092*l.* In the last year the exports consisted of British merchandise to the value of 381,286*l.*, and foreign

to that of 649,805*l.* ; carried out in 582 British ships, measuring 62,178 tons, and manned by 4123 seamen, and in 42 foreign ships, measuring 4012 tons, and manned by 288 seamen : the imports were brought home in 601 British ships, measuring 57,445 tons, and manned by 4080 seamen, and in 19 foreign ships, measuring 1085 tons, and manned by 109 seamen.

PORTUGAL, with MADEIRA and the AZORES :—In 1785, imports from, 430,943*l.*, exports to, 843,182*l.* ; in 1788, imports 617,205*l.*, exports 721,746*l.* ; in 1792, imports 977,819*l.*, exports 754,622*l.* In the last year the exports consisted of British merchandise to the value of 714,949*l.*, and foreign to that of 39,670*l.* ; carried out in 292 British ships, measuring 41,453 tons, and manned by 2593 seamen, and in 24 foreign ships, measuring 3604 tons, and manned by 263 seamen : the imports were brought home in 578 British ships, measuring 72,325 tons, and manned by 4472 seamen, and in 17 foreign ships, measuring 2022 tons, and manned by 145 seamen.

SPAIN :—In 1785, imports from, 697,712*l.*, exports to, 788,063*l.* ; in 1788, imports 796,733*l.*, exports 671,304*l.* ; in 1792, imports 897,839*l.*, exports 794,101*l.* In the last year the exports consisted of British merchandise to the value of 703,734*l.*, and of foreign to that of 90,366*l.* ; carried out in 262 British ships, measuring 31,598 tons, and manned by 1949 seamen, and in 33 foreign ships, measuring 3464 tons, and manned by 256 seamen : the imports were brought home in 376 British ships, measuring 44,350 tons, and manned by 2618 seamen, and in 45 foreign ships, measuring 4324 tons, and manned by 313 seamen.

ITALY, including SICILY and SARDINIA (but exclusive of Venice) :—In 1785, imports from, 687,150*l.*, exports to, 513,170*l.* ; in 1788, imports 609,643*l.*, exports 731,026*l.* ; in 1792, imports 1,004,288*l.*, exports 946,119*l.* In the last year the exports consisted of British merchandise to the value of 765,291*l.*, and of foreign to that of 180,828*l.* ; carried out in 207 British ships, measuring 29,290 tons, and manned by 1709 seamen ; the imports were brought home in 130 British ships, measuring 12,134 tons, and manned by 1016 seamen.

VENICE:—In 1785, imports from, 69,194*l.*, exports to, 20,294*l.*; in 1788, imports 53,637*l.*, exports 14,710*l.*; in 1792, imports 65,331*l.*, exports 17,112*l.* In the last year the exports consisted of British merchandise to the value of 12,903*l.*, and of foreign to that of 4209*l.*; carried out in 8 British ships, measuring 982 tons, and manned by 56 seamen: the imports were brought home in 8 British ships, measuring 1141 tons, and manned by 85 seamen.

CANARIES:—In 1785, imports from, 4457*l.*, exports to, 17,034*l.*; in 1788, imports 14,117*l.*, exports 7006*l.*; in 1792, imports 10,222*l.*, exports 17,277*l.* In the last year the exports consisted of British merchandise to the value of 17,249*l.*, and of foreign to that of 28*l.*; carried out in 2 British ships, of 269 tons, and manned by 18 seamen: the imports were brought home in 7 British ships, measuring 989 tons, and manned by 54 seamen.

STRAITS AND GIBRALTAR:—In 1785, imports from, 2616*l.*, exports to, 392,235*l.*; in 1788, imports 5772*l.*, exports 336,305*l.*; in 1792, imports 13,153*l.*, exports 197,224*l.* In the last year the exports consisted of British merchandise to the value of 179,693*l.*, and of foreign to that of 17,429*l.*; carried out in 59 British ships, measuring 6959 tons, and manned by 420 seamen: the imports were brought home in 14 ships, measuring 2887 tons, and manned by 171 seamen.

TURKEY AND EGYPT:—In 1785, imports from, 146,906*l.*, exports to, 82,449*l.*; in 1788, imports 183,335*l.*, exports 47,838*l.*; in 1792, imports 290,599*l.*, exports 273,785*l.* In the last year the exports consisted of British merchandise to the value of 98,961*l.*, and of foreign to that of 174,824*l.*; carried out in 48 British ships, measuring 11,473 tons, and manned by 584 seamen: the imports were brought home in 38 British ships, measuring 7788 tons, and manned by 425 seamen.

AFRICA, including the CAPE VERDE ISLANDS:—In 1785, imports from, 48,535*l.*, exports to, 587,196*l.*; in 1788, imports 90,069*l.*, exports 735,447*l.*; in 1792, imports 82,912*l.*, exports 1,367,918*l.* In the last year the exports consisted of British merchandise to the value of 882,053*l.*, and of foreign to that of 485,845*l.*; carried out in 250

British ships, measuring 54,928 tons, and manned by 5117 seamen: the imports were brought home in 77 British ships, measuring 11,088 tons, and manned by 973 seamen.

GREENLAND, and NORTHERN WHALE FISHERY:—In 1785, imports from, 75,793*l.*, exports to, 913*l.*; in 1788, imports 160,609*l.*, exports 2541*l.*; in 1792, imports 63,777*l.*, exports 695*l.* In the last year the exports consisted entirely of foreign merchandise; carried out in 93 British ships, measuring 26,983 tons, and manned by 3667 seamen: the imports were brought home in 102 British ships measuring 29,883 tons, and manned by 4147 seamen.

NEW HOLLAND, and SOUTHERN WHALE FISHERY:—In 1785, imports from, 8483*l.*, exports to, 2403*l.*; in 1788, imports 0*l.*, exports 0*l.*; in 1792, imports 114*l.*, exports 11.940*l.* In the last year the exports consisted of British merchandise to the value of 9187*l.*, and of foreign to that of 2752*l.*; carried out in 45 British ships, measuring 10,676 tons, and manned by 899 seamen: the imports were brought home in 58 British ships, measuring 13,157 tons, and manned by 1053 seamen.*

* These accounts are extracted from the official tables of imports and exports for the three years, and from the account of the shipping for 1792, as printed by Macpherson, in "Annals of Commerce," vol. iv., pp. 99, 182, 261, and 262. Owing, however, to the form in which the tables are drawn up, in distinct columns throughout for Scotland and England, almost every number we have given has been obtained by computation, and we have neglected shillings and pence. Some difficulty also has been occasioned by all the tables not being constructed upon the same principle; the account of shipping, in particular, is probably not to be perfectly reconciled with that of the imports and exports for the same year. For the year 1792 the shipping account (which consists of twenty-five columns) has quite a different distribution of countries from the table of imports and exports; but in our comparison we have not found any absolute discrepancy, except only that there is no head in the table of imports and exports to which we can refer the entries in the shipping account opposite to Florida and Honduras, from which, according to that account, there were entered inwards, in 1792, 47 British ships, measuring

One great branch of our commerce now stood, of course, upon a footing altogether new—that with our former colonies in North America, now become the United States. But, although a successful revolt had broken the political tie that had hitherto united these settlements with the mother-country, even that separation and the fierce struggle by which it was brought about could not destroy the natural bond that attached a young community, almost exclusively occupied in agriculture, to the greatest manufacturing community, and the most diffused maritime and colonial empire, in the world. Great Britain was still, as formerly, by far the most convenient market for the people of the United States; and they, no longer our dependent colonists, were yet as much as ever our most valuable customers. In the general feeling that such was the case, no time was lost by the British parliament, after the restoration of peace, in passing an act (the 23 Geo. III., c. 26) repealing all the prohibitory commercial acts made during the war; and by another act of the same session (the 23 Geo. III., c. 39) it was declared that, for a limited time, no manifest, certificate, or other similar document should be required from any vessels belonging to the United States on arriving in or clearing out from a British port; and, the king being meanwhile authorised to regulate the manner in which the trade should be carried on, a royal proclamation was immediately issued (on the 14th of May, 1783) for the admission, till further orders, into the ports of Great Britain, of any unmanufactured commodities, the produce of the United States, either in British or American ships, without the usual certificates, and on payment of the same duties as were payable on the same articles imported

10,801 tons, and navigated by 548 seamen; and to which there were cleared outward 20 British ships, measuring 5157 tons, and manned by 272 seamen. In the table of imports and exports for 1785 there are also the following entries, which we have not been able to include in our summary: America in general, imports from, 18,823*l.*, exports to, 31,863*l.*; and Prize goods, imports 34,976*l.*, exports 30,941*l.*

from British America. The same drawbacks and bounties were also allowed on goods coming from the United States as on those from the British possessions; and the benefit of the order was extended to all American vessels that had arrived since the 20th of January. But this by no means satisfied either the Americans, or many zealous persons at home. "Britain," says Macpherson, "instead of being ruined for want of commerce with America, as had been predicted (and, indeed, contrary to a received maxim, that a trade once turned out of its channel cannot be recovered again), was in danger of suffering from the too great ardour of the merchants for forming new connexions in that continent, many of which, as they found to their cost, were with people who could never have obtained credit for a shilling from those among whom they resided. Many of these adventurers, immediately upon their arrival in America, converted their goods into ready money at any prices, and then shipped themselves off for the continent of Europe, or hid themselves in the boundless back countries of America under the new-assumed character of land-jobbers. It appears from Mr. Coxe's 'View of the United States of America,' p. 34, that in the year 1787 the remains of the excessive importations of the four preceding years were constantly offered for sale at prices lower than their cost in Europe, which was a great injury to the fair importers and manufacturers in America. It is certain that considerable quantities of European goods were carried from America during those years to the West Indies, and sold even there under the European prices." This, however, is no more than what is always apt and almost sure to happen on the opening of a new commerce; though it may be admitted that the nature of the country in America, and the constitution of society there, offered, as they still do, superior facilities for bold adventurers in this line. But there also arose a controversy as to the extent of the commercial rights which it would be advisable to grant permanently to the United States, the main point in dispute being whether the Navigation Act should be now enforced in regard to

them as in regard to all other foreign states, and should exclude their vessels from admission to our West India Islands. Any claim of right to such admission the American republicans certainly no longer possessed, any more than the inhabitants of Spanish America or the people of France. But an exemption in their favour from the rigours of the Navigation Act was urged, in the particular circumstances of the case, on grounds of expediency; and this view had the general support of the West India interest. The question was discussed in numerous pamphlets; and some of the governors of the West India Islands actually went the length of freely admitting American vessels into their ports in the same manner as they had been admitted before the war. It was asserted by the advocates of this policy, to quote Macpherson's summary of their arguments, which affords a good view of the nature and circumstances of the trade between the West Indies and the American continent, "that the planters had been very scantily supplied with provisions and lumber during the war; that a considerable part of their supply was derived from intercepted cargoes which were destined for the foreign islands, a resource which the peace put an end to, as it did also to the supplies from Florida, which was now yielded to Spain; and that they had been compelled by necessity to convert their land to provision grounds, and to draw off their slaves from their proper plantation employments to cultivate provisions and cut lumber; that the provisions and lumber procured either by importation, capture, or their own labour, were obtained at such an enormous expense, that nothing but the hopes of soon seeing a change for the better could support them under it, but that a long continuance of it must be absolutely ruinous. Lastly, they urged, as a proof of the bad consequence to Great Britain of turning their industry out of its proper channel, that in the year 1777, before any of our islands were taken by the enemy, the quantity of sugar imported into England was short of that in the year 1774 (when part of the sugars went to the American colonies) full 45,000 hogsheads, the value of which was nearly a mil-

lion of money, the freight of which would have been 150,000*l.*, and the duties payable to the public above 100,000*l.* It was asserted that the rum, of which near eight millions of gallons were annually made in the West India Islands, and which, being an acceptable present to the Americans, used to be the principal resource for the supply of plantation necessaries, must now become a dead stock in the hands of the planters, as the consumption of Great Britain did not much exceed half a million of gallons.* With respect to a supply of corn from Canada, it was observed that, though that country had had plentiful harvests from the year 1772 to 1778, and particularly in 1774, yet these years of plenty were followed by such a succession of defective crops, that from 1779 to 1782 inclusive, the exportation of corn and bread was prohibited, and the province even received some supplies from other quarters. Hence it was evident that there never could be any dependence upon Canada for a regular supply. As to Nova Scotia, it was not alleged that it had ever been capable of raising corn for its own consumption."† These representations, and the clamour that was raised, produced such an effect, we are told, that "even the government was like to be carried away with the stream, and on the point of confirming by law those concessions with respect to the commerce of the West Indies which were hitherto granted by mistake, or connivance, of some servants of the crown,"‡ when the meditated course of policy was prevented by the strong considerations urged in two pam-

* Macpherson shows, in a note, that there must be a good deal of exaggeration in this statement, inasmuch as the average quantity of rum imported into Great Britain in the ten years from 1773 to 1782 inclusive was 2,068,842 gallons, of which there were exported annually, on an average, 617,939 gallons, leaving 1,444,903 gallons for home consumption; while, on the other hand, the quantity exported to the continent of North America from all the islands, on an average of three years preceding the war, did not exceed 2,900,000 gallons annually.

† *Annals of Commerce*, iv. 20.

‡ *Ibid.*, p. 19.

phlets, the first entitled "Observations on the Commerce of the American States," by Lord Sheffield; the other, which appeared soon after, entitled "Opinions on interesting Subjects of Public Law and Commercial Policy arising from American Independence," by Mr. George Chalmers. "Both these authors," says Macpherson, "insisted strongly, that Britain and Ireland, with the remaining continental colonies, were fully sufficient to supply the British West India Islands with provisions and lumber, as they had done during the war, even if all the States of America should unite in refusing to sell those articles to our vessels, which was, however, by no means to be apprehended; and that the manufacturers and merchants of Britain could have nothing to dread from the menaced refusal of America to admit British goods, because goods must ever find their market in proportion to their quality and price, independent of all resolutions and even laws."* Of course, the ground on which Sheffield and Chalmers rested their opposition to the demand of the Americans was the importance of maintaining inviolate the system of the Navigation Act, the palladium, as it had been generally regarded, of our naval power. In the end the government took a middle course. On the 2nd of July a proclamation by the king in council was issued, permitting British subjects to carry in British vessels all kinds of naval stores, lumber, live-stock, corn, flour, and bread from the United States of America to the West India Islands; and also to export rum, sugar, molasses, chocolate, nuts, coffee, ginger, and pimento from the islands to the States, under the same duties and regulations as if the commodities were cleared out for a British possession. "This order," says Macpherson, "was considered by the administration as an indulgence, both to the Islands and to the United States; but it was not received as such by either of them. The West India planters cried out, that the Islands must inevitably be ruined, if there were not as free and unrestrained an intercourse between them and the continent,

* Annals of Commerce, iv. p. 19.

and as free admission of American vessels, as there was when the latter was under the British dominion ; and the Americans were so much offended by it, that the assemblies of three of the States actually made a requisition to the Congress that they would prohibit all commercial intercourse with the British colonies.”* The British government, however, would not be moved from its restrictive and cautious policy. Three other temporary orders were issued in the course of the year : the first, on the 6th of June, permitting American tobacco to be imported into London, Bristol, Liverpool, Cowes, Whitehaven and Greenock, and to be warehoused under the custody of the revenue officers, the importer paying down five per cent. on the value as part of the duty ; the second, on the 5th of November, dispensing with that immediate payment ; the third, on the 26th of December, by which time the preceding orders had expired, renewing that of the 2nd of July with regard to the intercourse between the United States and the West Indies, but relaxing the former regulations for the British trade so far as to permit the importation of any unmanufactured goods not prohibited by law, except oil, and also of pitch, tar, turpentine, indigo, masts, yards, and bowsprits being the produce of the United States, either by British or American subjects, and either in British or American vessels. And those orders in council, and the act of parliament by which they were authorized, were annually renewed or continued, with little alteration, throughout the next five years. Meanwhile the Americans persisted in urging their claims to have both trades placed upon a more liberal system ; and some attempts were even made at retaliation. In 1784 the Congress recommended to the legislatures of the different States the adoption of a resolution prohibiting for fifteen years the importation and exportation of every species of merchandise in any vessels belonging to foreign powers which had not connected themselves with the government of the United States by commercial treaties. “The people

* *Annals of Commerce*, iv. p. 26.

of Boston," writes the historian of our commerce, under the year 1785, "were highly offended by the exclusion from the ports of the West Indies, by the high duties on rice, oil, and tobacco, and by the regulations for the British fisheries in the American seas. They were also greatly alarmed at the establishment of British factors in their country (a measure rendered necessary by the enormous deficiencies of some of those who assumed the character of merchants in America immediately after the peace); and they presented a petition (22nd April, 1785) to the Congress for regulations to counteract those of Great Britain, which was soon followed by an act of the commonwealth of Massachusetts (June 23rd) for the regulation of navigation and commerce, whereby they prohibited the exportation of any American produce or manufacture from their ports in vessels owned by British subjects after the 1st of August, 1785, with a provisional exception in favour of those British settlements whose governors should reverse their proclamations against the admission of American vessels into their ports. They also enacted several extra duties to be paid by vessels belonging to foreigners, and particularly by British subjects, with a permission, however, for new vessels, built in Massachusetts, though partly or wholly owned by British subjects, to take in cargoes upon equal terms with the citizens of the United States, but only for their first departures."* But a measure such as this, proceeding from a single state, was not likely to have any effect in driving the British government from the position it had taken up; and, if it was not to operate in that way, it could only make matters worse, still farther limiting and impeding the trade, and directly tending indeed to put an end to the interchange of commodities between the two countries altogether. Just before this, in March, 1785, an act had been passed by the English parliament (the 25 Geo. III. c. 1), permitting bread, flour, and live-stock, but no other articles upon any pretence whatever, to be imported for a time into Newfoundland and

* Annals of Commerce, iv. p. 77.

the adjacent islands from the United States of America in British vessels, navigated according to law, and provided with licences, which were to be in force for a term of seven months, from the commissioners of the customs in Great Britain. This concession was granted in consequence of what had happened in the early part of the preceding year, when, the settlers at Newfoundland being in great distress for want of provisions, a supply arrived in some British ships from the United States, which the governor and council, after some deliberation, had in the circumstances allowed to be landed and sold. On the other hand, in the act passed in 1787 (the 27 Geo. III. c. 7), for continuing the temporary acts regulating the commercial intercourse with America, while the importation of provisions and lumber into any of the British West India Islands from the foreign West India Islands was permitted in cases of emergency and distress on the responsibility of the governor and council, the admission of the produce of the United States was more rigorously prohibited than ever, the penalty for the importation of such produce into any British possession contrary to law, or to the orders of the king in council, being now made the forfeiture of both cargo and vessel. At last, however, in 1788, an act was passed permanently permitting the importation into the West Indies, in British vessels, of tobacco, pitch, tar, turpentine, hemp, flax, masts, yards, bowsprits, lumber, horses, cattle and other live-stock, bread, flour, peas, beans, potatoes, wheat, rice, oats, barley, and other grain, the produce of the United States; and the exportation from the West Indies to the States of any goods or produce which might be lawfully exported to any foreign country in Europe, and also of sugar, molasses, coffee, pimento, cacao (or chocolate nuts), and ginger. The jealousies and animosities not unnaturally excited by those contentions now gradually subsided, and seem to have passed away much sooner and more completely than might have been anticipated. So early as under the year 1789, we find the recorder of the facts belonging to our commercial history writing as follows:—"The ill will engendered by

the American war was now turned into friendship and harmony between Great Britain and the American States, the influence of which extended to the most distant British possessions. Earl Cornwallis, governor-general of India, about the beginning of this year or the end of the last, gave orders that American vessels should be treated at the Company's settlements in all respects as the most favoured foreigners. The ship *Chesapeake*, the first American that was allowed to trade, or to show her colours, in the river Ganges, was moreover favoured by the supreme council of Bengal with an exemption from the government customs, which all foreign vessels are bound to pay."* The general diffusion of these better feelings was already preparing the way for an harmonious commercial arrangement between the two countries, which, as we shall find, was completed a few years later.

A very complete view of the trade of the British West India Islands for the year 1787 was published in 1789, in a series of tables, by the Board of Trade. According to this account the entire imports of the islands for that year were as follows:—From Great Britain, British and Irish goods 1,441,048*l.*, India goods 23,570*l.*, foreign goods 174,085*l.*, in all 1,638,703*l.*; from Ireland, Irish goods 19,914*l.*, British goods 111*l.*, foreign goods 135*l.*, in all 20,160*l.*; from Newfoundland, 890 barrels of wet fish, and 64,123 quintals of dry fish; from the foreign West Indies, 1,943,000 lbs. cotton, 64,750 lbs. cacao, sundry woods, cattle, hides, &c., and some dollars; and, finally, from Africa, 20,978 negroes. The exports are made to have consisted of sugar 2,002,736 cwt., rum 5,270,496 gallons, molasses 68,052 gallons, cotton 9,544,121 lbs., indigo 41,064 lbs., coffee 34,446 cwt., cacao 4234 cwt., pimento 616,444 lbs., ginger 10,546 cwt., dye-woods 12,726 tons, mahogany and other hard woods 16,929 tons, and 5531 hides, together with a few other articles not particularized. The value of the entire exports of each of the islands, calculated, not by the old

* *Annals of Commerce*, iv. p. 183.

custom-house rates, but according to the actual prices current in London at the time, is stated as follows:—Jamaica 2,136,442*l.* (principally sugar, rum, cotton, indigo, pimento, and dye-woods), Tortola 106,960*l.* (principally sugar, rum, and cotton), Anguilla 12,993*l.* (principally cotton), St. Christopher's 510,014*l.* (principally sugar, rum, and cotton), Montserrat and Nevis 214,142*l.* (the same), Antigua 592,597*l.* (the same), Dominica, 302,987*l.* (principally sugar, molasses, cotton, indigo, and coffee), St. Vincent's 192,162*l.* (principally rum and cotton), Grenada 614,908*l.* (principally sugar, rum, and cotton), Barbadoes 539,606*l.* (principally sugar, rum, molasses, cotton, and ginger). The entire amount was made up to 5,389,054*l.* by the addition of the Bay of Honduras 106,243*l.* (principally mahogany and dye-woods, with a little cotton and cacao). There are no returns from the Bahamas and Bermuda. "The loyalists from North America," Macpherson observes, "had just begun to bring the cotton of the former into consideration; and the inhabitants of the latter were beginning to follow their example, as far as the narrow limits of their island would permit."* The exports were, of course, principally to Great Britain; the only other parts of the world with which any export trade was carried on were Ireland, British America, the United States, the foreign West India Islands, and Africa.† The exports to the United States, according to this account, were from Jamaica 60,096*l.*, from Tortola 1499*l.*, from St. Christopher's 15,513*l.*, from Montserrat and Nevis 13,982*l.*, from Antigua 44,680*l.*, from Dominica 7164*l.*, from St. Vincent's 5712*l.*, from Grenada 24,597*l.*, and from Barbadoes 23,218*l.*; all principally in rum. To Africa the only exports noticed are, from Jamaica 8600 gallons of rum, from Nevis one ship of the burthen of 102 tons, cargo not mentioned, and from Barbadoes 100 gallons of rum. To Great Britain the exports from all

* Annals of Commerce, iv. p. 160.

† One vessel, of 100 tons burthen, is stated to have proceeded from Antigua to the South of Europe, but neither the description nor value of her cargo is given.

the islands were, sugar 1,926,121 cwt., rum 2,251,341 gallons, molasses 37,472 gallons, cotton 9,396,921 lbs., indigo 39,414 lbs., coffee 30,365 cwt., cacao 3954 cwt., pimento 606,994 lbs., ginger 9159 cwt., dye-woods 12,637 tons, mahogany and other hard woods 7569 tons, and 5180 hides. To Ireland there were exported, sugar 26,182 cwt., rum 209,264 gallons, and cotton 1259 cwt. According to a further account, the total value of the exports to Great Britain, which in 1787 was 3,749,447*l.* (calculated by the custom-house rates), rose in 1788 to 4,253,879*l.* The real or market value was, probably, about a fourth greater.

The publication of these statements with regard to the value of the West India Islands and their trade arose out of the strong feeling that about this date began to be excited on the subject of the trade in negro slaves. After the restoration of peace with the colonies, general attention was attracted to this subject in London by swarms of American negroes, whom the events of the war had emancipated, appearing in the streets, begging for employment, or for bread, to such an extent as to be a serious public nuisance. In 1787 about 700 of these destitute blacks were collected for the purpose of being sent out in government transports to Sierra Leone; and, although a large proportion of them died, or deserted, or had to be discharged as unmanageable, before the vessels sailed, about 400 of the number were actually conveyed to Africa; where, however, the settlement that was thus attempted to be formed did not prosper. The following year, after the question had begun to be agitated in parliament, the Board of Trade (or as it was then called, the Committee of the Privy Council for Trade and Plantations) was directed to inquire into the state of that part of Africa whence the slaves were brought, the manner of obtaining them, the transportation and sale of them, and the effects of the trade upon the colonies and the general commerce of the kingdom; and upon these various points a great mass of information was collected by the board, which was embodied in the same Report, presented about a year after to the king in

council, in which are contained the accounts abstracted above of the exports and imports of the West India Islands. With the details given in the report in regard to the condition of the African tribes, the purchase or capture of the slaves, their conveyance to America, and their treatment there, the public mind has long been sufficiently familiar; but some accounts which it contains of the statistics of the trade in negroes, as it was at this date and had been for a long course of years carried on, deserve notice with reference to our present object. The English slave-trade, at this time, belonged chiefly to the two ports of Liverpool and Bristol. Of 137 vessels engaged in it in the year 1787, eighty belonged to the former of these ports, thirty to the latter. There is no complete account of the number of vessels annually employed in the trade before the year 1760; but for the twenty-seven years subsequent to that date, it had ranged from 28, measuring 3475 tons, in 1779, to 192, measuring 20,296 tons, in 1771. The traffic appears to have been depressed by the war from 1776 to 1783, but it revived with the return of peace; the 137 vessels, which, as we have seen, it employed in 1787, were of the burthen of 22,263 tons, which was the highest tonnage then on record. From 1776 down to 1782 inclusive, the value of the cargoes exported to Africa in the slaving vessels ranged from 470,779*l.*, which it was in 1776, down to 154,086*l.*, in 1778; but previously, from the year 1763, the amount had usually been between 450,000*l.* and 800,000*l.*; in 1772 it had been 866,394*l.*; in 1774, 846,525*l.*; in 1775, 786,168*l.*; and since the peace it had again become as great as formerly, having been 888,738*l.* in 1786, and 668,255*l.* in 1787. And, as the total exports from Great Britain to Africa, which according to the official tables were that year 735,447*l.*, were, in 1790, 929,203*l.*—in 1791, 856,082*l.*—and in 1792, 1,367,928*l.*, we may presume that that portion of them, amounting to nine-tenths of the whole, which was carried out by the slave-ships, and for the purposes of the slave trade, shared in this increase. Of the 668,255*l.* worth of goods carried out by the slave-traders in

1776, 401,593*l.*, consisted of British merchandise, 186,258*l.* of India goods, and the remaining 80,403*l.* of foreign merchandise. The India goods are not particularized: of the other descriptions the principal articles are stated to have been woollens to the value of 138,330*l.*; cottons to that of 51,636*l.*; iron ware, chiefly guns, cutlasses, &c., to that of 43,515*l.*; gunpowder to that of 37,923*l.*; British linens to that of 18,200*l.*; foreign linens to that of 13,043*l.*; bugles (glass beads) to that of 12,916*l.*; wrought copper to that of 12,269*l.*; foreign bar-iron to that of 10,947*l.*; lead shot to that of 1408*l.*; together with 290,542 gallons of British spirits, valued at 20,417*l.*, and 64,584 gallons of rum, valued at 19,406*l.* The entire value of the imports from Africa to England in 1787 was 117,817*l.*, consisting of red-wood to the value of 62,480*l.*; ivory to that of 15,335*l.*; gum-arabic to that of 6388*l.*; Senegal gum to that of 5184*l.*; bees'-wax to that of 3819*l.*; and sundry trifling quantities of cam-wood, ebony, ostrich feathers, &c. These commodities were brought home in 46 vessels, measuring altogether 6630 tons, and having no concern in the slave-trade. The 137 slavers of course proceeded with their human cargoes from the African coast to the West Indies, and then returned to England laden with the produce of the islands. About this time a slave is said to have cost from 8*l.* to 22*l.* in Africa, and to have brought from 28*l.* to 35*l.* in the West Indies: about a century before the price is stated to have been about 3*l.* in Africa, and from 15*l.* to 17*l.* in the West Indies. The entire number of negroes annually exported from the west coast of Africa is supposed to have been, when the Board of Trade instituted its inquiry into the subject, not less than 74,000, namely, by the British 38,000, by the French 20,000, by the Portuguese 10,000, by the Dutch 4000, and by the Danes 2000; but of these many were conveyed to the Spanish and other foreign possessions in the new world. We have seen that the importation into the British West Indies in the year 1787 was about 21,000, and of these about 5000 appear to have been re-exported to the foreign West India Islands and to the United States. In the

first three years after the war, however (1783, 1784, and 1785), 36,158 negroes were landed in Jamaica alone, of which only 9118 were re-exported, namely, 395 to the United States, the rest to the foreign West India Islands. In 1789 the entire number imported into all the British Islands was 21,425, of whom 8764 were re-exported ; in 1790 it was 21,889, of whom 7542 were re-exported ; in 1791 it was 30,763, of whom only 1427 were re-exported.

We will now shortly notice the progress made during this time of peace by some branches of our trade, which, although not actually carried on in the country, may nevertheless be described as domestic, inasmuch as they did not bring us into any direct intercourse with foreign nations.

Considerable exertions continued to be made for the encouragement and extension of the herring, pilchard, and cod fisheries, in our own and the neighbouring seas. In 1785 parliament passed an act (the 25 Geo. III., c. 58) raising the bounty on the exportation of salted pilchards caught during the succeeding twelvemonths, with the view of reviving that fishery, which had formerly been carried on to a considerable extent on the south-west coast of England, but had lately declined ; and by a subsequent act (the 26 Geo. III., c. 45) this encouragement was continued, under somewhat modified regulations, till June, 1791. In 1790 the pilchard fishery on the coast of Cornwall is stated to have been unusually abundant ; the little town of Mevagissey is recorded to have cured 10,000 hogsheads, "which," observes Macpherson, "would have been a fund of wealth to the inhabitants, if the high price of salt, whereof six bushels are required to every hogshead, did not carry off the greatest part of the proceeds."* The following year, however, we find the parliament (by the 31 Geo. III., c. 44) still further encouraging the pilchard fishery by a new bounty on exportation. For the ten years preceding 1756 the annual export of pilchards is said to have averaged 30,000 hogsheads, and to have employed about

* Annals of Commerce, iv. 213.

3000 Cornish fishermen, besides about 4000 or 5000 people on shore. The fish were exported principally to the Mediterranean, in vessels which brought back salt, staves, and other materials for the fishery. "Pilchards," says Macpherson, under the year 1782, "are so much in request in the Italian states, that the orders from them for lead, tin, copper, leather, &c., have been often conditional, that, if such a quantity of pilchards could not be sent, the other articles could not be received; and the Venetian government allowed British vessels importing a certain quantity of pilchards to take in currants at their islands, though the carriage of that fruit was restricted to their own vessels." Afterwards, however, the quantity of pilchards annually exported fell off to only 12,000 or 13,000 hogshheads.

The herring fishery on the Yarmouth coast employed only 94 vessels in the year 1782; "whereas," says Macpherson, "in the year 1760 it employed 205, of from 30 to 100 tons, and gave employment to about 6000 men, women, boys, and girls, besides 30 or 40 vessels from Folkestone, Hastings, &c., which have now deserted it entirely. For about twenty years preceding 1760, the annual capture of herrings on the Norfolk coast was above 47,000 barrels, of which above 38,000 were exported. The fishery which the people of Yarmouth, with the assistance of the Shetland fishermen, used to carry on, in about 200 vessels of from 40 to 60 tons, in the neighbourhood of Iceland, where the cod most saleable in the Spanish and Italian markets are caught, has been annihilated by the operation of the salt-laws."* From 1777 to 1782 the total quantity of herrings cured in England appears to have varied from 23,890 barrels, which it was in the first of these years, to 35,359, which it was in the last. The cod exported was 3473 cwt. in 1777, 495 cwt. in 1779, 6905 cwt. in 1781, and 1341 cwt. in 1782. The Scottish herring-fishery, on the other hand, had risen as the English declined. In 1751 the Scottish fishery employed only 2 vessels, measuring

* Annals of Commerce, iii. 724.

together 148 tons, and employing 33 men and boys ; and the quantity of herrings taken was only 213 barrels. The first slight impulse appears to have been received in 1760, when the number of vessels was 13, measuring 554 tons and manned by 130 hands, and the quantity of herrings taken 3089 barrels. A few years before, in 1757, the bounty had been raised from 30s. to 50s. per ton, at which rate it continued down to the year 1770, though for a part of this period it is said to have been very irregularly paid. However, in 1762 the fishery employed 49 vessels, 87 in 1763, 119 in 1764, 157 in 1765, 261 in 1766, and 266 in 1767, in which last year the quantity of herrings taken was 28,328 barrels, upon which bounties were paid to the amount of 31,584l.* After this there was a falling off for two or three years ; but even under the system of a reduced bounty the fishery soon began to revive, till in 1775 the number of vessels employed was 281, and the quantity of herrings taken 53,466 barrels ; and in 1776 the number of vessels was 294, and the herrings taken 51,863 barrels. "Campbelltown (in Argyleshire), the chief rendezvous of the fishery," Macpherson observes, "was raised by it, from having only 4 small vessels and 3000 or 4000 inhabitants in the year 1750, to the possession of 62 stout vessels,

* The numbers given in all these accounts, as of barrels taken, throughout include only those taken in the first voyage of each season, or that called the bounty voyage ; and nearly the whole of this quantity appears to have been usually exported. "But," observes Macpherson, "as the busses often made a second, and sometimes even a third, voyage, and as the herrings taken in those after voyages are believed to be, one year with another, equal to those taken in the bounty voyages, the real quantity of herrings caught and cured by the busses may be fairly estimated at double the quantity here stated. The number of herrings taken by boats, and consumed fresh, or slightly salted, in the country, of which no account is taken, must also be prodigiously great, especially when an extraordinary plenty, and consequently low price, encourages the cadgers (higglers) to carry them as far as possible into the inland parts of the country." — *Annals of Commerce*, iii. 722.

carrying 750 men, and a population of above 7000 inhabitants, in the year 1777. But that increase is a small object, in point of national utility, when compared with the increase of seamen produced by the bounty: it being calculated that two-thirds of the seamen who man the shipping of the Clyde, besides a considerable proportion of those in the vessels belonging to Liverpool, Bristol, and even London, and great numbers in the navy, have been bred in that fishery.* After the commencement of the American war, however, the rise in the prices of barrels, salt, naval stores, and in seamen's wages, which had advanced by the year 1779 from 100 to 400 per cent., pressed so hard upon this branch of adventure that the number of vessels, or busses, employed in the fishery, gradually declined from 240, manned by 2600 hands, in 1777, to 147, manned by 1667 hands, in 1782, and the quantity of herrings taken from 43,313 barrels in the former year to only 13,457 in the latter. But the trade was one which, from the nature of things, did not admit of a condition of steady prosperity; and even the bounties paid by the public, with the object of encouraging and sustaining it, although they no doubt occasioned its being carried on to an extent which it would not otherwise have attained, at the same time only gave it more of an uncertain and gambling character. Macpherson himself, with all his zeal in favour both of the fisheries and of the bounty system, cannot altogether shut his eyes to this view of the matter. "The precarious nature of the fishery," he observes, under the year 1782, "appears very strongly from the great inequality of the exportation from the same port. Campbelltown, which in the year 1755 exported 24,436 barrels, and has been generally one of the chief ports of Scotland for the exportation of herrings, exported this year only 396 barrels. Stranraer (in Wigtonshire) in the year 1758 exported 13,121 barrels, and has in some years exported none at all. Cod is chiefly imported from Shetland, next to which Campbelltown, and of later years sometimes Stornoway

* Annals of Commerce, iii. 634.

and Aberdeen, have been the chief fishing-places for the exportation of cod.*

The Irish herring-fishery appears to have been that which was carried on with the greatest spirit and success in the early years of the war. Large importations of herrings had long been made to Ireland from the East Country, or the coasts of the Baltic, to be thence re-exported to the West Indies, where they formed the principal food of the negroes; but, while from 1764 to 1773 this importation from abroad averaged 25,365 barrels annually, besides 16,657 barrels from Great Britain, the total average importation from all parts from 1779 to 1783 had fallen to 12,277 barrels, and at the same time the quantity exported had greatly increased. In 1781 there were 147 bounty vessels fishing in Loch Swilly, besides 117 others from Liverpool and the Isle of Man. "The Irish," says Macpherson, "have great advantages in the herring-fishery. The arrival of the herrings, so precarious upon the extensive west coast of Scotland, is certain on the north-west coast of Ireland, and they swim close to the shore. The fishing is free from restrictions, and the adventurers either fish themselves or purchase from the fishers, as they find most convenient, whereby they are often enabled to complete their loading in two or three days, and to make several trips during one fishing season, which generally lasts six weeks or two months. And thus they can obtain a greater quantity of fish in the same space of time, and also run their cargoes much earlier to a market, than the British fisherman, who is tied down by restrictive laws to lose a great deal of time, and support a very heavy expense, that he may be entitled to the bounty." He adds that the certainty and greater abundance of herrings had induced many of the fishermen of England and Scotland to prefer the Irish fishing-grounds to those of their own coasts.†

For some years the multitude of herrings on the Swedish coast had been so great that, after as many were eaten and salted for future consumption and exportation

* Annals of Commerce, iii. 722.

† Ibid., p. 725.

as could be so disposed of, many millions of them were boiled for oil, of which one barrel was obtained from eighteen barrels of herrings. About 16,000 barrels of this herring-oil were made in the year 1781, of which between 14,000 and 15,000 barrels were exported to the Baltic, Holland, and Spain. But under the year 1784 we read, "This year no herrings appeared upon the coast of Sweden. But on the west coasts of Ireland and Scotland the abundance of these heaven-directed visitors was inconceivably great. On the Irish coast the fishermen generally loaded their boats with a single haul of a net, and each boat cleared 5*l.* in the three months of the summer fishing, though the herrings were sold during the first month (July) for about 10*d.* a thousand, or from 4*d.* to 6*d.* for as many as a horse could carry; though millions were boiled down for oil, and millions were thrown away. On the coast of Scotland as many herrings were caught in one inlet of the sea, called Loch Urn, in Inverness-shire, in seven or eight weeks, as, if they could have been brought to market, would have sold for 56,000*l.*; after which, the stock of salt and casks being expended, the people, who seem to have known nothing of the method of making oil of them, or were prevented by the want or high price of fuel, gave up the fishery."* This year, it is stated, the foreign vessels employed in the herring fishery on the north and west coasts of Scotland were no fewer than 275, carrying 3765 men; namely, 166 from various ports of Holland, 44 from Emden, 29 from Hamburg and Altona, 24 from Ostend and Nieuport, 7 from Dunkirk, together with three Danish yaggers and 2 Dutch store-ships.

The next year a new act was passed for the regulation of the fisheries (the 25 Geo. III. c. 65), which removed some restrictions under which the bounties had hitherto been paid: busses or vessels of the burthen of 80 tons or more were now allowed to receive bounty for that amount of tonnage; all the vessels were permitted to proceed direct to the fishery, without being compelled to muster at

* Macpherson, *Annals of Commerce*, iv. 65.

a general rendezvous; and liberty was given to employ the salt shipped for curing herrings in curing cod, ling, or hake (which fish, so cured, however, were not to be entitled to any bounty on exportation). Another act was passed in 1786, reducing the bounty to 20s. per ton; and a third the year after that, making some other alterations, which need not be detailed. It appears to have been only in the Scotch fishery that the bounty was operative to any material extent. According to a table which Macpherson inserts under the year 1800, "extracted," he says, "partly from various accounts laid before the committee of the House of Commons appointed to inquire into the state of the fisheries, who bestowed much attention on that important object in this and the preceding year, and partly from the books of the inspector-general of imports and exports," there were no vessels engaged in the English fishery "on the tonnage bounty" in any of the years 1783, 1784, and 1785, and only from one to six in any of the seven following years, except in 1788, when the number was 15, and 1789, when it was 16. Yet the exportations of herrings from England throughout the ten years are stated to have varied from 12,116 barrels of white herrings in 1785 to 25,630 in 1792, and from 12,914 barrels of red herrings in 1789 to 40,270 in 1784. In the Scotch fishery, on the other hand, the number of vessels engaged on the bounty system appears to have increased progressively from 154, measuring 7307 tons, and manned by 1696 hands, in 1783, to 332, measuring 15,525 tons, and employing 3738 hands, in 1792; while the quantity of herrings cured for the bounty rose during the same time from 13,603 barrels to 81,851. In 1792 also 25,822 barrels of herrings are stated to have been cured in Scotland "not on the tonnage bounty."* Some of the parties engaged in the Yarmouth fishery began, it seems, in the year 1787 to fit out vessels for the deep-sea fishery, under the encouragement of the act passed the preceding year, one of the clauses of which allotted premiums of 80, 60, 40, and 20 guineas, to be

* Macpherson, *Annals of Commerce*, iv. 531.

paid, in addition to the tonnage bounties, to the four vessels which should bring to land the greatest quantities of herrings from the north and north-east coasts of the kingdom between the beginning of June and the end of November. "Their fishermen," Macpherson relates, under the year 1789, "proceeded to Shetland, and sometimes so far beyond it that they fell in with floating ice. They followed the Dutch method of shooting their nets in deep water from the vessels, and not in lochs or bays from their boats, as the British buss-fishers do. In the second and third years of their fishing they believed their herrings to be nothing inferior to those of the Dutch in respect to curing; and they sent the most of them to Hamburg, where, happening to be the first that arrived, they brought a price equal to that of the early Dutch herrings, and, after the arrival of the Dutch, they were still able to stand the competition with them. This year some of the Yarmouth pickled herrings were sent even to Rotterdam, and the owners had no reason to complain of their sales. But the expense of this mode of fishing, though it had hitherto been attended with such auspicious prospects, being greater than the usual returns could indemnify, and the adventurers being disappointed in obtaining the bounties they thought themselves entitled to, they gave it up."*

An account of the fishery and trade of Newfoundland from the end of the war, drawn up from official returns by the admirals commanding on that station, was published by the Board of Trade in 1792. According to this statement the number of British fishing-vessels engaged in the fishery had increased from 236 in 1784 to 389 in 1788, but had after that declined till it was only 276 in 1792; the British sack-vessels, which were only 60 in 1784, were 173 in 1786, and 161 in 1792; the British colony-vessels were 50 in 1784, 34 in 1786, 28 in 1788, 70 in 1789, and 57 in 1792; the bye-boats were 344 in 1784, and 584 in 1791; and the boats belonging to the inhabitants, which were only 1068 in 1784, were 2090 in 1788, and, although the number afterwards fell off, were

* Macpherson, *Annals of Commerce*, iv. 191.

still 1259 in 1791. In 1792 the bye-boats and boats of the inhabitants are reckoned together as 1997. The number of people residing throughout the winter in the island, which was 10,701 in 1784, had increased to 19,106 in 1789, but by 1791 had fallen off to 16,097. The exports in 1791 consisted of 751,296 quintals of dried cod (of which 29,717 were sent to the British islands, 57,177 to the West Indies, the remainder to Spain, Portugal, Italy, and Madeira): 20,825 quintals of core fish (all to the British islands): 5046 tierces of salmon (mostly to the south of Europe); 1725 barrels of herrings (mostly to the West Indies); 2122 tons of oil (mostly to the British islands); 28,964 sealskins (all to Great Britain and Ireland); 40,544 feet of planks and boards (to the same quarter); 29,000 shingles (to the West Indies); 16,948 staves (to the British islands). These commodities formed the cargoes of 523 ships, measuring 58,420 tons, and manned by 4289 seamen; 288 of the number clearing out for the Roman Catholic countries in the south of Europe, 140 for the British islands, 47 for the West Indies, 35 for the British possessions in North America, and 13 for the United States.

The Greenland or Northern whale-fishery received a great impulse from the cessation of the war. In 1781 the vessels engaged in this trade were only 34 from England and 5 from Scotland, measuring altogether 11,318 tons. The next year the bounty was raised from 30s. to 40s. per ton; but the number of vessels was still only 44 (including 6 from Scotland) in 1782, and 51 (including 4 from Scotland) in 1783. In 1784, however, the number was 89 from England and 7 from Scotland; in 1785, 136 from England and 13 from Scotland; in 1786, 162 from England and 23 from Scotland; and even in the next year, when the bounty was again reduced to 30s., the number was 219 from England and 31 from Scotland, measuring altogether 73,337 tons.* In 1788 it was still

* From a table in Macpherson's *Annals of Commerce*, iv. 180. The numbers differ somewhat from those given in Chalmers's *Historical View*, p. 175, on which the statement in the last chapter is founded.

216 from England and 31 from Scotland. After this, however, there was a considerable falling off; the account of shipping for 1789 exhibiting only 133 vessels cleared out for Greenland from England and 28 from Scotland; that for 1790, only 93 from England and 23 from Scotland; that for 1791, the same numbers; and that for 1792, only 73 from England and 20 from Scotland, measuring altogether 26,983 tons, or little more than a third of the quantity of shipping employed in the trade five years before. With the view of checking this decline, acts modifying the regulations under which the fishery should be conducted were passed by parliament in 1789, and again in 1791; but the result showed that the branch of enterprise which it was thus attempted to foster was really of too uncertain and precarious a nature to sustain itself without the artificial prop of the bounty system, according to the extension or restriction of which it was plain that the trade would usually expand or contract.

Meanwhile, a new whale fishery, which had sprung up some years before the commencement of the present period, was now annually attracting adventurers to an opposite region of the globe. The South Sea whale fishery took its rise, in some degree, as Macpherson observes, from the American war, with the breaking out of which the commencement of the prosecution of this trade by the English coincides. "The American whale-fishers," the historian relates, "when they found the whales scarce in their own seas, used to stretch over to the coast of Ireland, and often as far as Africa, Brazil, and even the remote Falkland islands, in pursuit of the spermaceti whales, the most valuable of the cetaceous tribes. That fishery being given up in consequence of the war, many of the harpooners were induced to enter into the service of the British merchants, who fitted out vessels for the Newfoundland and Southern whale-fisheries. For the latter, which was quite a new business in this country, there were equipped 15 vessels of about 170 tons, and each carrying four American harpooners; and, though their acquisitions were only about 40 or 50 tons of oil for

each vessel, yet the superior quality, and the price of it advanced by the war from 35*l.* to 70*l.* per ton, were sufficient to encourage the merchants to persevere in the business."* Acts establishing bounties for the encouragement of the South Sea whale-fishery were passed by parliament in 1786, 1788, and 1789. It appears that the vessels engaged in this trade, which till 1781 all belonged to London, were 12 in 1776, 13 in 1777, 19 in 1778; after which the number fell to 4 in 1779, and was never higher than 9, which it was in 1783, till 1785, when it was 11. The number for 1786 is not given; † but it was 28 in 1787, 42 in 1788, 45 in 1789, 33 in 1790, 75 in 1791, and 42 of 9544 tons burthen and carrying 816 men, in 1792. No Scotch vessels took part in this fishery.

At the same time that the political constitution and government of the East India Company were regulated upon a new principle by the act of 24 Geo. III., sess. 2, c. 25, passed on the 13th of August, 1784, a great change was wrought in the principal branch of the Company's trade by the act reducing the duties on tea, called the Commutation Act (the 24 Geo. III. sess. 2, c. 38), passed on the 20th of the same month. In the nine years preceding 1780 the importations of tea from China into Europe had been 118,783,811 pounds in 107 ships belonging to the Continent, and only 50,759,451 pounds in 79 ships belonging to the Company; that is to say, the average annual importation by the Company had been

* *Annals of Commerce*, iii. 590.

† In the table, printed by Macpherson (*Annals of Commerce*, iv. 180), from which we extract the figures in the text, both the number of vessels and the tonnage for 1786 are set down at 0. But this must be either a misprint or must be intended to indicate merely that the proper figures cannot be ascertained, for the other columns of the table show that the trade for that year was very considerable: the bounty paid amounted to 2400*l.*, and the returns from the fishery were 1113 tons of oil, 357 cwt. of whale-fins, and 772 seal-skins. All these numbers are very greatly larger than those for the preceding year, when 11 vessels are stated to have been engaged in the fishery.

only 5,639,939 pounds, while the supply annually brought by other parties was 13,198,201 pounds. At the same time, it was calculated, from the inquiries that were made in the best-informed quarters, that the consumption of the article in the British dominions and on the Continent was directly the reverse of what these quantities would indicate—that the people of the Continent certainly did not use more than 5,500,000 pounds of tea in the year, and the subjects of Great Britain at least 13,300,000 pounds. And it was also well known that several millions of pounds of the leaves of sloe, ash, and other trees, were sold for tea in this country; so that the total quantity of the commodity, genuine and fictitious, that was consumed in the British dominions was supposed to be probably not much less than 18,000,000 pounds, of which between 12,000,000 and 13,000,000 must have been smuggled or counterfeit.* When the *ad valorem* duty was reduced by the Commutation Act from about 120 per cent. to $12\frac{1}{2}$ per cent., the Company's sales increased at once to nearly three times their former amount. The quantity of tea sold by the Company in 1785 was 16,307,433 pounds; in 1791 it was 16,989,748; in 1792 it was 17,294,205. The importations by the Company, of course, rose in the same proportion; on the other hand, the quantity annually imported direct from China into the Continent of Europe went on decreasing, till from 19,072,300 pounds, which it was in 1784, it had fallen to 2,291,560 pounds in 1791. At the same time the demand for British goods, and especially woollens, became every year greater in China. In 1785 the woollens exported to China consisted only of 4534 pieces of cloth, of 60,000 pieces of long ell, and of 332 pieces of camlet; in 1791 they consisted of 6456 pieces of cloth, 150,000 pieces of long ell, and 2340 pieces of camlet. In the former of these years no tin was exported; in the latter the quantity sent out was 1200 tons. The exportation of tin commenced in 1789. Altogether, the

* Macpherson's History of the European Commerce with India, p. 209.

prime cost of the woollen goods exported by the Company to China, India, Bencoolen, and St. Helena, which was only 238,946*l.* in 1784, had grown to be 580,093*l.* in 1791, and 675,285*l.*, in 1792. Of this latter sum the portion paid for goods sent to China was 587,421*l.* The value of the entire merchandise exported by the Company, which in 1784 was 418,747*l.* in 27 vessels, was in 1792 1,031,262*l.* in 43 vessels. On the other hand, the quantity of bullion sent out gradually declined from 724,317*l.* in 1785, to 489,192*l.* in 1788; and then, after rising in 1789 to 787,078*l.*, fell again to 532,705*l.* in 1790, to 530,557*l.* in 1791, and to 10,943*l.* in 1792.* The entire value of the Company's imports, which in 1783 was 3,000,978*l.* and which in 1784 was 4,204,981*l.* was 4,647,974*l.* in 1785, 5,141,532*l.* in 1791, and 5,050,819*l.* in 1792. But during this space what was called the private trade also made a rapid progress, and became of large amount: this was the trade carried on by the commanders and officers of the Company's ships, and by their servants and the free merchants residing by their permission in India, who were allowed to export and import goods on their own account in whatever spare room was left in the ships after the cargoes belonging to the Company had been taken on board. In this private trade, the value of the imports, which in 1783 was only 144,176*l.*, and in 1784 400,784*l.*, had by 1787 risen to 918,389*l.*, and was 930,930*l.* in 1790, 709,455*l.* in 1791, and 703,578*l.* in 1792. The progress of the entire trade will be most distinctly indicated by exhibiting its state for the three years immediately preceding 1785, and during the three years ending with 1792:—In 1782, total exports 547,092*l.* in 24 ships, total imports 3,353,174*l.*; in 1783, exports 405,442*l.* in 13 ships, imports 3,145,154*l.*; in 1784, exports 418,747*l.* in 27 ships, imports 4,605,765*l.*; in 1790, exports 1,461,488*l.* in 25 ships, imports 6,035,438*l.*; in 1791, exports 1,505,516*l.* in 28 ships, imports 5,850,987*l.*; in 1792,

* Table in Macpherson's History of European Commerce with India, p. 420. At p. 211 he makes the bullion exported in 1791 to have been only 422,098*l.*

exports 1,042,205*l.* in 43 ships, imports 5,754,397*l.* It is to be remembered that there was no bullion exported in the former three years, and only the amount of 10,943*l.* in 1792.

The increase of the trade demanding the employment of a larger capital, the Company was empowered in 1786 (by the 26 Geo. III. c. 62) to add 800,000*l.* to its stock ; and this, being subscribed for at 155 per cent., produced an actual additional capital of 1,240,000*l.* In 1789 another act (the 29 Geo III. c. 65) authorized the augmentation of the capital of the Company by the sum of 1,000,000*l.* ; which, being subscribed for at 174 per cent., produced 1,740,000*l.* The Company's nominal capital was now 5,000,000*l.*, upon which the proprietors were paid a dividend of 8 per cent., as they had been ever since 1778.

We will close these details of the state of the several branches of our commerce in 1792, and of the progress it had made during the preceding eight years of peace, by collecting from some curious tables and statements given by George Chalmers, in his "Historical View of the Domestic Economy of Great Britain and Ireland," the leading particulars of the commercial condition of the country at the commencement of the war with France in 1793, as compared with what it was at the commencement of the American war in 1774.

Taking the averages of the six years ending with 1774, and of the six ending with 1792, it appears that the value of British manufactures annually exported to the different countries of the world had increased between the one date and the other as follows :—to Ireland, from 1,024,231*l.* to 1,352,291*l.* ; to Guernsey and the other Channel islands, from 36,201*l.* to 73,342*l.* ; to the Isle of Man, from 2893*l.* to 17,717*l.* ; to Greenland, from 2*l.* to 11*l.* ; to the South Sea whale-fishery, from 0*l.* to 75*l.* ; to New Holland, from 0*l.* to 3179*l.* ; to the East Indies, from 907,240*l.* to 1,921,955*l.* ; to the West Indies, from 1,209,265*l.* to 1,845,962*l.* ; to British America, from 310,946*l.* to 697,205*l.* ; to the United States, from 2,216,824*l.* to 2,807,306*l.* ; to Africa, from 449,364*l.*

to 568,663*l.*; to Holland, from 741,886*l.* to 746,715*l.*; to Italy and Venice, from 618,817*l.* to 722,221*l.*; to Portugal and Madeira, from 578,951*l.* to 643,553*l.*; to Germany, from 431,223*l.* to 763,160*l.*; to Flanders, from 332,667*l.* to 386,054*l.*; to the Straits and Gibraltar, from 136,713*l.* to 250,228*l.*; to Russia, from 132,257*l.* to 278,054*l.*; to Denmark and Norway, from 97,034*l.* to 160,131*l.*; to France, from 87,164*l.* to 717,807*l.*; to Turkey, from 65,189*l.* to 73,026*l.*; to the East Country, from 62,996*l.* to 78,674*l.*; to Sweden, from 22,090*l.* to 41,575*l.* The only instance of decrease was in the exports to Spain and the Canaries, the value of which had declined from 878,066*l.* to 605,055*l.* On the whole, the average exports to the British dominions in Europe had risen from 1,063,327*l.* to 1,443,361*l.*; those to countries beyond Europe, from 5,093,639*l.* to 7,844,345*l.*; those to all foreign European countries, from 4,185,053*l.* to 5,466,253*l.*; making a total increase of from 10,342,019*l.* to 14,753,959*l.*, or of not much less than 50 per cent. in the eighteen years, the first eight of which had been years of war and only the last ten years of peace.

Another account shows the quantity of the shipping cleared outwards from Great Britain at the commencement, the middle, and the close of this period of eighteen years. This was, on the average of the years 1772, '73, and '74, British 899,631 tons, foreign 66,443; total, 966,074; value of cargoes, 17,128,029*l.*: on the average of 1785, '86, and '87, British 1,156,306 tons, foreign 122,301; total 1,278,607; value of cargoes, 16,429,497*l.*; on the average of 1790, '91, and '92, British 1,499,105 tons, foreign 169,684; total, 1,668,789; value of cargoes, 22,585,772*l.* In 1791 the entire quantity of shipping belonging to the British dominions consisted of 15,647 ships, measuring 1,511,401 tons, and manned by 117,113 hands; in 1792, of 16,079 ships, measuring 1,540,145 tons, and manned by 118,286 hands; in 1793, of 16,329 ships, measuring 1,564,520 tons, and manned by 118,952 hands. Of the ships in the last of these years, 10,779 belonged to England, 2122 to Scotland, 1181 to Ireland, 1889 to the colonies, 177 to the Isle of

Man, 92 to Jersey, and 89 to Guernsey. The royal navy, which in 1760 amounted to 300,416 tons, had declined to 276,046 tons in 1774, but had risen to 433,239 tons in 1792; in which year it consisted of 7 first-rates, 21 second-rates, 112 third-rates, 21 fourth-rates, 103 fifth-rates, 42 sixth-rates, and 192 sloops, &c., making a total of 498 vessels of all kinds.*

As a final index of the increase of the commercial activity of the nation, and the general progress of our economical prosperity, during the interval between the war of the American and the war of the French revolution, we may notice the growth of the post-office revenue. Macpherson, in his "*Annals of Commerce*," has given a table, drawn up, in the latter part of it, under the direction of the secretary and accountant-general of the post-office, which exhibits both the gross and net annual revenue from 1783, and also presents a view of the history of the establishment from the earliest date. In 1652, according to this account, the revenues of the post-offices of England, Scotland, and Ireland, were farmed for 10,000*l.* At this time there were only two rates of postage: 2*d.* for a letter carried not more than eighty miles; 3*d.* for one carried beyond that distance. In 1663 the post-office was farmed for 21,000*l.*; and in 1685 the revenue was estimated at 65,000*l.* This, however, was probably the gross revenue; for, on the average of the four years from 1707 to 1710 inclusive, the net annual revenue is stated to have been only 58,052*l.* In 1711 the rates of postage were augmented 50 per cent.; and on the average of the four years from 1711 to 1714 inclusive, the annual net revenue was 88,223*l.* for England and 2000*l.* for Scotland, or in all 90,223*l.* In 1722 the gross revenue was 201,804*l.*; but this included 33,398*l.* for franks, while the management or expenses of the establishment amounted to 70,326*l.*; so that the net revenue or actual produce was no more than 98,010*l.* For the year ending 5th April, 1755, the gross revenue was 210,663*l.*; but whether this included the rates that would

* Chalmers, *Historical View*, pp. 215-219.

have been chargeable on franks does not appear. The privilege of franking was considerably limited in 1764 (by the 4 Geo. III. c. 24); and in the year ending 5th April, 1765, the gross revenue of the post-office was 281,535*l.* In that ending 5th April, 1775, it was 345,321*l.* In 1783 the gross revenue was 416,668*l.*, the net produce 159,858*l.* In 1784 the privilege of franking was further limited (by the 24 Geo. III. sess. 2, c. 37), the rates of postage were raised, and the expenses were also reduced, as well as additional rapidity, punctuality, and security given to the conveyance of letters by the establishment of mail-coaches, and the other improvements introduced by Mr. Palmer. For that year the gross revenue of the post-office was 438,734*l.*, the net produce 197,655*l.* In 1785 the gross revenue was 486,178*l.*, the net produce 265,679*l.* And from this point the returns continued steadily to increase, till in 1792 the gross revenue was 607,881*l.*, the net produce 368,784*l.** This would indicate an augmentation of correspondence since 1784 to the extent of not much less than 40 per cent.

But this onward course, in which things had been proceeding so steadily for eight or nine years, was, towards the close of the year 1792, checked and brought to a stand-still at once. In the month of November in that year, the Gazette announced the unprecedented number of 105 bankruptcies. No such wide-spread commercial ruin had ever before been known in England in the worst of times. In the beginning of the eighteenth century the average number of bankruptcies in England was not 40 a-year. From 1710 to 1720 the number was as often considerably under as somewhat above 200. It was

* Macpherson's *Annals of Commerce*, iv. 547, 548. The table of the gross revenue from 1786 to 1793, in Chalmers's *Historical View*, p. 208, gives considerably smaller sums under each year: the difference is probably occasioned by the revenue of the Scotch post-office being included in the one account, and not in the other. The statements of the gross revenue for 1784 and 1785, given in our preceding chapter, must be understood as referring to England only.

415 in 1726, 446 in 1727, and 388 in 1728; but after these three years it again declined, till, in 1745, it was only 200, and in 1746 only 159; nor was it ever so high as 300 till the year 1764, when it was 301. It was 525 in 1772, and 562 in 1773; but in 1774 it fell again to 360. In 1778 the extraordinary number of 675 bankruptcies occurred; but, for the next six years, the average number was only about 500 annually. It rose gradually with the extension of trade; but, although it was 604 in 1791, the rate at which it proceeded for the first ten months of 1792 would not have made it more than 570 for the whole of that year. What occasioned the shock and panic in the public mind was, the suddenness with which the monthly number of bankruptcies mounted to 105 in November, from having been not so many as 50 per month, on an average, since the beginning of the year. The greatest number of bankruptcies that had ever before this occurred in one month was 83, which was the number in November, 1788.*

Referring to these facts, "we may see," observes Chalmers, "that the commencement of Queen Anne's war did not greatly incommode our traders. The bustle and business of her hostilities appear to have increased the number of bankrupts. The rebellion of 1715 seems to have made none. The South Sea year, 1720, appears to have involved our merchants in the burst of bubbles, though it was public rather than private credit which was chiefly affected during this unhappy year of visionary projects. Our bankruptcies now regularly increased with the augmentation of our trade. The rebellion of 1745 overturned none of our commercial houses. The war of 1756 seems to have done a little more mischief, though that mischief seems to have decreased as hostilities went on. The peace of 1763 augmented the number of bankruptcies, though the commercial distresses of that period seem to have been more in sound than in reality. With our traffic and business, our bankruptcies continued to

* See Table of the number of bankruptcies in every month, from 1700 to 1793, in Chalmers's *Historical View*, p. 223.

increase in number and magnitude. We perceive how many they were augmented during 1772 and 1773, when our circulation was impeded at a moment of uncommon prosperity. We see a smaller number of bankruptcies in 1781, when our trade was the most depressed during the American war, than in 1772 and 1773. The two most prosperous years which this nation had ever known were 1791 and 1792; yet, strange to tell, the number of our bankruptcies was larger than the amount of them in 1781, the most disastrous year of the American war."*

The alarm, however, excited by the large number of the bankruptcies which took place in November, 1792, did not arrive at its height till the spring of the following year. In December, 1792, the bankruptcies were only 47; but in January, 1793, the number was 77, in February 87, in March 105, in April 188, in May 209, in June 158, in July 108: thus, for the five months from March to July inclusive, making an average of about 154 a month, or at the rate of 1850 a year. The actual number of bankruptcies in the year 1793 was 1304, which was considerably more than twice the number that had happened in any preceding year, with the exception only of the year 1778, when rather more than half as many had happened.

Many of the houses that came down in this commercial storm of the spring and summer of 1793 were of old standing and great eminence; and their liabilities were of an amount proportioned to the extent to which their business had been carried on, and the confidence that had been universally reposed in their wealth and stability. Chalmers, who endeavours to show that the shock thus given to the system of the national credit and trade had nothing to do with the war between England and France, which, after having been for some time manifestly inevitable, broke out in the beginning of February in this year, has preserved some interesting details of the commencement and progress of the panic. "The first bankruptcy," he states, "which created suspicion, from its

* Historical View, p. 225.

amount, was the failure of Donald and Burton, on the 15th of February, 1793. They were engaged in the most uncertain of all traffics—in the trade of corn—in speculations on American corn; but they had sustained no loss from the war. On Tuesday evening, the 19th of February, the Bank of England threw out the paper of Lane, Son, and Fraser, who had never recovered the shocks of the American war; and next morning they stopped payment, to the amount of almost a million of money. This great failure involved the fate of several very substantial traders; but none of these houses had sustained any damage from the war. Suspicion was now carried up to alarm; and every merchant and every banker who was concerned in the circulation of negotiable paper met with unusual obstructions in their daily business; yet it was not till the 16th of March that the long-established house of Burton, Forbes, and Gregory stopped, which was followed, on the 18th, by the failure of their correspondents, Caldwell and Company, of Liverpool, to the amount of nearly a million. Still, neither of these great circulators of paper had sustained any loss from the war; and, as suspicion had been carried up to alarm, alarm was now magnified into panic.”* The real cause of the mischief Chalmers finds in the great number and reckless operations of the country banks, which within the last few years had sprung up in almost every market-town. Of 279 of these establishments, of which he had a list, no fewer than 204 issued what were called optional notes, that is, notes which the bank reserved to itself the option of paying either in London or in the country; and of these 71 stopped payment in this year, 1793. “Their notes,” says Chalmers, “came oftener, and in greater numbers, to London, than were welcome in the shops of London. These notes became discredited, not only in proportion as the supply was greater than the demand for them, but as the banks were distant and unknown. The projects and arts by which those notes were pushed into the circle of trade were regarded with a very evil eye by

* Historical View, p. 227

those who, in this management, saw great imprudence in many, and a little fraudulence in some. When suspicion stalked out to create alarm, and alarm ran about to excite panic, more than 300 country banks in England sustained a shock; all were shaken; upwards of 100 stopped; some of which, however, afterwards went on in their usual course of punctual payments.”* The entire number of country banks in England and Wales, at this time, has been variously stated at from 280 to above 400.† The bankrupts of the disastrous spring and summer of 1793 were chiefly, Chalmers asserts, country bankers and country traders. Few foreign merchants, he affirms, failed. Macpherson also agrees that the country banks, “which were multiplied greatly beyond the demand of the country, and whose eagerness to push their notes into circulation had laid the foundation of their own misfortunes, were among the greatest sufferers, and consequently the greatest spreaders of distress and ruin among those connected with them.” “And they were also,” he adds, “the chief cause of the great drain of cash from the Bank of England, exceeding every demand of the kind for about ten years back.”‡

In the universal alarm, applications from various quarters were made to the government: and at length, on Monday the 22nd of April, Mr. Pitt called together a number of gentlemen, at his house, to take their opinion as to a proposition for the revival of commercial credit, and the restoration of confidence, by a parliamentary advance of exchequer bills to parties possessed of real capital.§ There was much disunion and difference of opinion at this meeting; but in the end it was agreed that eleven of the leading merchants present, being principally those who had expressed the greatest difficulties in seeing their

* Historical View, p. 229.

† See Macpherson's *Annals of Commerce*, iv. 266.

‡ Ibid.

§ This motion was suggested in a letter to Pitt by Sir John Sinclair on the 16th of April. See Sir John's *History of the Revenue* (3rd edit.), ii., 287-301.

way to any remedy for the universally admitted evil, should assemble again on the following day at the Mansion-House, to take the plan submitted by the minister into further consideration. At this second meeting it was, after another long discussion, unanimously agreed, "that the interposition of parliament was necessary, and that an issue of exchequer bills, under certain regulations and stipulations, was the best practical remedy." A representation to this effect having been drawn up, a copy of it was immediately laid before Mr. Pitt, who lost no time in calling the attention of the House of Commons to the subject; and on the 25th, on his motion, a select committee was appointed, "to take into consideration the present state of commercial credit, and to report their opinion and observations thereupon to the House." The report of the committee was brought up by the chairman (the Lord Mayor) on the 29th. It embodied a statement which had been made to the committee by the chancellor of the exchequer (Pitt), to the effect that, according to representations which had been made to him from many different quarters, the failures which had taken place had begun by a run on those houses which had issued circulating paper without being possessed of sufficient capital, but the consequences had soon extended themselves so far as to affect many houses of great solidity, and possessed of funds much more than sufficient ultimately to answer all demands upon them, although these funds could not be converted into money or negotiable securities in time to meet the pressure of the moment. The mere sudden discredit of the paper issued by many of the country banks, Pitt went on to observe, had of itself produced a deficiency of the circulating medium, occasioning material inconvenience in mercantile transactions. Then, in addition to this, the circumstances in which they were placed had induced bankers and others to keep in their hands greater quantities of money than usual, so that large sums were in this way kept out of circulation, and much difficulty was experienced in procuring the usual advances on bills of exchange, particularly on those of long date. Finally, many persons possessed of large

stocks of goods could at the present moment neither dispose of them nor raise money on their credit; in consequence of which the usual orders to manufacturers were interrupted, and numbers of their working people thrown out of employment. It is said that many of the workmen who were discharged and thrown idle at this crisis enlisted in the army, and many others emigrated to foreign countries.* The statement made by the chancellor of the exchequer, the report proceeded to relate, was borne out by facts which several members of the committee mentioned as having fallen under their personal information. Mr. Thornton, for instance, was acquainted with the situation of five or six mercantile houses, possessed of quantities of goods abundantly sufficient to cover their liabilities, but which they could neither sell nor convert into money, so that they were under very great apprehension of being shortly obliged to stop payment. He had been lately appointed a trustee for winding up the affairs of a London firm, with extensive connexions in the country, which, after suspending payments for three weeks, had been enabled to pay its acceptances, and within a twelvemonth would discharge all its debts, and probably find itself in possession of a surplus of 100,000*l*. Other cases of a similar kind were mentioned by Mr. Alderman Anderson and Mr. Chiswell. Mr. Gilbert Innes, a director of the Royal Bank of Scotland, being examined by the committee, stated that that country was in very great distress—that the two chartered banks there would not be able much longer, with prudence to themselves, to furnish the necessary accommodation and support either to the several mercantile and manufacturing establishments or to the country banks; and consequently if something was not immediately done by government, a very general commercial ruin might be expected, involving many houses of undoubtedly ample means. The distress which threatened the Scotch manufacturers arose not so much, in Mr. Innes's opinion, from a failure of the usual markets for their goods, as

* Macpherson, *Annals of Commerce*, iv. 267, note.

from the difficulty of discounting, either in London or in Scotland, the long-dated bills received from the purchasers of their goods. Great quantities of manufactured goods belonging to Scotch manufacturers were then in London, which used when sold to be paid for in bills at three months for a small part, and at from six to fourteen months for the rest, but which now either remained unsold or were disposed of at a loss for cash, in consequence of the long-dated bills not being negociable. The Scotch manufacturers frequently borrowed money for the purposes of their business on personal bonds, a great part of which money had been called for at Whitsunday next (the 15th of May); and from the state of credit in Scotland this witness had reason to think that the manufacturers would not, as usual, be able to answer this call by borrowing again on their former securities. Innes believed that the quantity of paper circulated by the country banks in Scotland had of late been considerably diminished, and their discounts on bills of exchange greatly so since the present troubles began; but the circulation of the metropolitan bank with which he was connected was, he stated, nearly the same as usual, and the assistance given by it to the country greatly superior to what it had given at any former period. Mr. Macdowal, member for Glasgow, and also a member of the committee, stated that he had just returned from that city, where he had found "all the commercial houses and manufacturers in the greatest distress, from the late stagnation of commercial credit and total want of private confidence." The banks at Glasgow, Paisley, and Greenock had not for some time past discounted to any extent, from their notes being poured in upon them for gold, and from the alarm which the state of credit in London had occasioned. In Glasgow, Paisley, and the places connected with them in different parts of Scotland, there were about 160,000 men, women, and children dependent for employment upon the manufacturers; and in Glasgow a very great number of these working people had been already discharged. Looking to the whole case, the committee came unanimously to the conclusion

that it was advisable to adopt the plan which had been proposed, of assisting houses possessed of sufficient means, and which could give the necessary security, by advances of public money ; and the report recommended that the amount of exchequer bills to be issued for this purpose should be 5,000,000*l.* instead of 3,000,000*l.*, as originally suggested. When the report was read in the House, a short debate took place on the question that it should be referred to a committee of the whole House on the following day. Fox said that he did not feel disposed to give his consent to the proposed measure, but yet he confessed, under the present circumstances of the country, he wanted nerves to give it a decided opposition. “ It seemed to him a business of a very anomalous nature, nor had he ever heard of a system in any shape similar having been hitherto adopted or thought of.” Both he and Mr. Grey also objected to the unconstitutional influence and control which the plan would enable the government to exercise over the commerce of the country ; and they urged that, if the proposed advances of money to parties in difficulty really were expedient, they ought to be left to be made by the Bank, whose proper business it was to lend money to all who could offer it sufficient security. On the next day, the 30th, the subject was again warmly discussed, when Fox reiterated his objections at greater length, and was supported by Mr. Francis and Mr. M. A. Taylor ; but nobody ventured formally to move a negative to Pitt’s proposition, that his majesty should be enabled to direct exchequer bills to the amount of 5,000,000*l.*, to be issued to commissioners, to be by them advanced, under certain regulations and restrictions, for the assistance and accommodation of such persons as should be desirous of receiving the same, on due security being given for the repayment of the sum so advanced within a time to be limited. The minister and his friends expressed perfect confidence in the efficacy of the measure, if it should be only brought into operation without any considerable delay. Pitt said “ that, from the nature of the business, the Bank had declined interfering, because the species of the security to be given was not such

as the Bank had been accustomed to receive. The measure now proposed was of a temporary nature. The practice of the Bank upon discount was permanent. The Bank took securities for what business they transacted in this way at two months. The security to be given here was not determinable at that time, and the deposit was of a nature which the Bank had not been accustomed to act upon." The resolution having been agreed to, it was reported to the House the next day, and a bill pursuant to it brought in, which underwent some discussion two days after on the motion for committing it, but was carried triumphantly through all its stages. The advances, which were to bear interest at the rate of $2\frac{1}{2}d.$ per day on the 100%, and were to be in sums of not less than 4000*l.*, were authorized to be made on security approved by the commissioners, or on the deposit of goods of double the value of the sums advanced, to be lodged in warehouses, to the satisfaction of the commissioners, if in London, or of the principal officers of the customs or excise, if in Bristol, Hull, Liverpool, Glasgow, Edinburgh, or Leith.

It is admitted on all hands that the effect of this measure was immediate and powerful. "The very first intimation," says Macpherson, "of the intention of the legislature to support the merchants operated all over the country like a charm, and in a great degree superseded the necessity of the relief by an almost instantaneous restoration of mutual confidence."* The entire number of applications for advances out of the 5,000,000*l.* granted by parliament was 332; and the entire amount applied for was only 3,855,624*l.* The applications by 45 parties for 1,215,000*l.* of this sum was afterwards withdrawn or not persisted in; and 49 applications, for 438,324*l.*, were rejected, as not coming within the intention of the act, or from the inability of the parties to give the required security; so that the whole amount that was actually advanced was 2,202,200*l.*, to 238 applicants. According to an account printed by Chalmers, the following were nearly the sums granted to the different parts of

* Annals of Commerce, iv. 269.

the kingdom:—To London, 989,700*l.*; to Glasgow, 319,730*l.*; to Manchester, 246,500*l.*; to Liverpool, 137,020*l.*; to Bristol, 41,500*l.*; to Leith, 25,750*l.*; to Paisley, 31,000*l.*; to Dundee, 16,000*l.*; to Edinburgh, Perth, and Banff, 4,000*l.* each; and to other places, 310,000*l.** (or rather 383,000*l.*, if we are to account for the distribution of the entire amount advanced). Of the 2,202,000*l.* every farthing was repaid, together with interest amounting to 13,033*l.* (or 434*l.* beyond the expenses of management); and of the 238 persons who were assisted, only two became bankrupt. Long before the end of the year confidence was perfectly restored, and the facility of raising money both in London and in the country had become as great as it usually is in a healthy state of the commercial system. The bankruptcies announced in the Gazette for the last five months of the year 1793 were only at the rate of about 74 a month, or not half as many as the preceding five months had produced.

In Scotland, Chalmers affirms, the commercial distress during this crisis, though great, was much less than in England. Adam Smith has given an account of the act of parliament passed in 1765 (the 5 Geo. III. c. 49) which suppressed the ten and five shilling bank-notes till then circulated in Scotland, and also what were there called optional notes, that is, notes containing a clause by which the bank “promised payment to the bearer, either as soon as the note should be presented, or, in the option of the directors, six months after such presentment, together with the legal interest for the said six months.” “The directors of some of those banks,” continues Smith, “sometimes took advantage of this optional clause, and sometimes threatened those who demanded gold and silver in exchange for a considerable number of their notes, that they would take advantage of it unless such demanders would content themselves with a part of

* Historical View, p. 232. Chalmers says that the account is, he believes, sufficiently accurate to show to what parts of the country the principal relief was granted.

what they demanded. The promissory notes of those banking companies constituted at that time the far greater part of the currency of Scotland, which this uncertainty of payment necessarily degraded below the value of gold and silver money. During the continuance of this abuse (which prevailed chiefly in 1762, 1763, and 1764), while the exchange between London and Carlisle was at par, that between London and Dumfries would sometimes be 4 per cent., against Dumfries, though this town is not thirty miles distant from Carlisle.* The act of 1765 at once restored the exchange between England and Scotland to its natural state; and Chalmers attributes to the greater circumspection introduced from that era into the banking system of the latter country much of the comparative stability which it was now found to possess. The following account is given in a letter which he quotes from a Glasgow correspondent:—"The distress began to be felt here in a few days after it began in London in the month of February last; but we had no failures till the 28th of March, when the banking-house of Murdoch, Robertson, and Co. were made bankrupts for about 115,000*l*. This was followed by the banking-house of A. G. and A. Thompsons, who owed about 47,000*l*. The first will pay every shilling to their creditors; and it is supposed that the last will do so also. One or two more of the country banks in the west of Scotland were under temporary difficulties, but made no pause; and, having got assistance, they went on; and, as all the other banks did, drew in their funds and lessened their engagements. Some of the banks here did certainly continue to discount some bills, but in a less degree than formerly. All of the banks were under the necessity of allowing many of such bills as they held to be renewed at two or three months' date, either in whole or in part, according to circumstances, which, in fact, was the same thing as a new discount. In this way all our banks have been going on to this hour, by making renewals when they could not obtain payment, endeavouring to lessen the

* *Wealth of Nations*, book ii., chap. 2.

amount at every renewal, so as gradually to draw in their funds.”* It is pretty evident from this statement, however, that the utmost the generality of the Scotch banks were able or even attempted to do was to take care of themselves; the accommodation which they had been accustomed to give to the public appears to have been all at once not merely restricted, but entirely withdrawn.

Chalmers conceives that the increase in the number of bankruptcies which took place in 1792 and 1793 was, in great part at least, a natural consequence of the extraordinary commercial activity and prosperity of the preceding eight or nine years; and to illustrate this view of the matter he refers to a statement made by Lord Kaims, which in his lordship’s own words is as follows:—“In Scotland, an innocent bankrupt, imprisoned for debt, obtains liberty by a process called *cessio bonorum*. From the year 1694 to 1744 there were but twenty-four processes of that kind; which shows how languidly trade was carried on while the people remained still ignorant of their advantages by the Union. From that time to the year 1771 there have been thrice that number every year, taking one year with another; an evident proof of the late rapid progress of commerce in Scotland. Every one is roused to venture his small stock, though every one cannot be successful.”† That is to say, apparently, that, while the average number of bankruptcies in Scotland during the half century ending with 1744 was not quite one in the two years, the average number in the next quarter of a century was seventy-two annually, or a hundred and forty-four times as many as before. Of course, where there is no trade there can be no bankruptcies; and a busy and extending trade, with its elements of speculation and adventure, will produce more than its due proportion of bankruptcies, as compared with a trade which neither overflows its old channels nor seeks new ones. If bankruptcies really increased in Scotland after

* Historical View, p. 233.

† Sketches of the History of Man, book i., sketch 5, sect. 1, note.

1744 at the rate Kaims seems to assert, the commerce of the country must have begun from that epoch not only to extend itself rapidly beyond its ancient limits, but altogether to change its character. The natural growth and expansion of the commercial system of England may be held sufficient to account for the gradual augmentation in the annual number of bankruptcies from 1762, for example, when it was 205, to 1792, when it was 628—or the prosperity of the seven years from 1784 to 1791 may of itself have been enough to raise the number in that interval from 517 to 604; but it must have been something else than this constantly operating cause which suddenly more than doubled it two years after. If, indeed, the prosperity was in a great degree only apparent or hollow, it would be easy to understand how the crash should have been the greater the longer it was deferred—how the downfall of the house of cards should have made the more wide-spread ruin the higher it had been raised. And this appears to have actually been the case in so far as the system of trade which had arisen was kept up by a paper currency not representing any real capital. Such support is like that given to the physical system of an individual by alcohol or opium.

Another consolatory view which Chalmers takes is, that this crisis was upon the whole certainly productive of more good than evil. This is explained in a passage which he gives from another letter of his Glasgow correspondent, written in the end of the year 1793:—"The truth is, that most of us are of opinion that the late stagnation has been exceedingly useful to our trade; and that, if it does not proceed too far, it will be attended with the most beneficial consequences to men of real capital. For previous thereto the sales were so rapid, the returns so quick, and money so abundant, that much business was established upon little better than mere paper circulation, or speculation alone, which is now at an end. The wages of our labourers, too, had got to such a height, that we must in all probability have been gradually undermined in foreign markets by foreign manufacturers; and, if this had once occurred, it would have been much

more difficult to recover from than any temporary shock like the present. Besides, these high wages occasioned much idleness and dissipation; and much of the time of our workmen was consequently spent in alehouses, where they became politicians and government-mongers, restless and discontented. Upon the whole, therefore, we may say with truth, that all which has hitherto happened has been for the best.”* All this, however, only goes to show that the storm that cleared the atmosphere was needed for that purpose—not that the destruction it wrought was a good thing in itself.

This storm, however, which had almost wrecked the commerce and navigation of England, Chalmers considers to have, even at the time, very little deranged the trade of Scotland. The total official value of the exports from Scotland, which had been 1,170,076*l.* in 1789, and 1,230,884*l.* in 1792, was in 1793 only brought down to 1,024,751*l.* Of the shipping of that country the entire tonnage, which was 154,409 tons in 1790, and 157,098 in 1791, was 154,857 in 1792, and 155,315 in 1793. The quantity of linen cloth manufactured in Scotland for sale, which was 18,739,725 yards in 1791, rose to 21,065,386 in 1792, and was still 20,676,620 in 1793. From these facts this writer infers “that the commercial affairs of Scotland were little embarrassed by the impeded circulation in 1793, and still less by the commencement of war.” “And,” he concludes, “I am inclined to believe that, had not any unusual bankruptcies happened in England during 1793 from the imprudent management of country banks, her trade and shipping had been little lessened by sudden hostilities.”†

The history of our foreign trade during the war will be most conveniently and distinctly traced by taking first and by itself the space of four years that elapsed before the suspension of cash payments by the Bank. In the year 1793, the last of the peace, the official value of the total imports into Great Britain, as we have seen, was 19,659,358*l.*; that of the exports thence to all parts of

* Historical View, p. 236.

† Ibid., p. 235.

the world, 24,905,200*l*. For the first four years of the war the annual imports and exports are stated to have been as follow :—in 1793, imports 19,255,116*l*., exports 20,388,828*l*. ; in 1794, imports 22,276,915*l*., exports 26,748,083*l*. ; in 1795, imports 22,736,889*l*., exports 27,123,338*l*. ; in 1796, imports 23,187,319*l*., exports 30,518,913*l*. So that, with the exception of the first year of hostilities only, our trade would appear, by these accounts, to have been not only steadily progressive during this space, but to have advanced at a much more rapid rate than even in the previous season of peace. From 1793 to 1796, taking imports and exports together, the augmentation is made to have amounted to not less than 36 per cent., or more than one-third, which was very nearly double the augmentation that took place in the three years from 1789 to 1792.

The statement of the tonnage of the ships entered inward and cleared outward, however, in these four years scarcely bears out these accounts of imports and exports. The tonnage of the ships entered inward in 1792, was, as stated in a preceding page, 1,891,711 tons ; of those cleared outwards, 1,739,300. For the four following years the amounts, as they are to be collected from the official tables,* were—in 1793, inward 1,675,327 tons, outward 1,427,234 ; in 1794, inward 1,786,091, outward 1,600,817 ; in 1795, inward 1,632,815, outward 1,528,017 ; in 1796, inward 1,995,018, outward 1,632,984. According to this indication the entire increase of trade from 1793 to 1796 would be only about 16 per cent. Still this account also establishes the fact that there was an increase, and one of considerable amount.* The net revenue of the customs, which had

* In the chronological account given by Chalmers (*Historical View*, opposite to p. 315), the tonnage of the ships cleared outward in 1796 is made 1,732,980 tons. The excess of about 100,000 tons over the amount to be collected from the detailed account of Macpherson (*Annals of Commerce*, iv. 400) is on the British ships: both statements agree in making the tonnage of the foreign ships cleared outward 478,358 tons. If we follow this statement of the shipping in

been 4,027,230*l.* in 1792, was 3,978,645*l.* in 1793, 3,565,117*l.* in 1794, 3,569,360*l.* in 1795, and 3,651,757*l.* in 1796. But, for the reasons already explained, very little can be made of this last series of figures as an index of the progress of our foreign trade.

The effect of the commencement of hostilities with France, of course, was at once to extinguish nearly the whole of the large and growing trade which had for some years been carried on directly between the two countries, under the treaty of 1786. The treaty itself was at an end; and to the natural difficulties interposed by the war were added positive prohibitions by the one power against the exportation of almost every species of goods which the other would receive, and the importation of nearly everything which the other would allow to leave its dominions. The trade, accordingly, in so far at least as indicated by the entries at the Custom-house, was speedily reduced to a very small matter. In 1792, as we have seen, our imports from France were valued at 717,634*l.*, our exports thither at 1,228,165*l.* In 1793 the imports are stated in the accounts of the inspector-general at 121,027*l.*, the exports at 228,887*l.*; in 1794, the imports at 167*l.*, the exports at 34,543*l.*; in 1795, the imports at 10,362*l.*, the exports at 78,652*l.*; in 1796,

Chalmers, the augmentation of trade thereby indicated in the three years from 1793 to 1796 would be above 20 per cent. The accuracy of the official account of exports for 1796 was, it seems, objected to in the House of Commons, and, when a member pointed out particularly the article of coffee, as stated to be exported to the incredible value of 6,000,000*l.*, Mr. Pitt allowed that there might be a mistake in that article (Macpherson, *Annals of Commerce*, iv. 381, note). We shall afterwards find that this supposed mistake admits of some explanation. But in fact the amount of foreign (under which is included colonial) merchandize exported in 1796, as stated in the official account, exhibits no remarkable increase upon its amount for some years preceding. It is 10,022,680*l.* in 1794, 10,785,125*l.* in 1795, and 11,416,693*l.* in 1796. And the next year the increase was still greater than this.

the imports at 14,655*l.*, the exports at 7,975*l.* No doubt, however, the actual trade continued to be much greater than it would appear to have been from these figures: considerable quantities of British manufactured goods, in particular, are known to have throughout the war constantly found their way into the dominions of France, in violation and defiance, for the greater part, of the laws of both countries.

Flanders, or the Netherlands, had been overrun by France, and wrested from the possession of the house of Austria, before the war with England began; yet for some years our trade with the Flemings still continues to make a large figure in the annual official accounts. Our imports from Flanders, which in 1792 had amounted to 132,289*l.*, are still set down in 1793 at 120,180*l.*, and in 1794 at 76,820*l.*; and our exports thither, which in 1792 had been 1,031,092*l.*, only fell to 776,189*l.* in 1793, and to 671,882*l.* in 1794. Up to this time the Netherlands appear to have been still regarded by the English government as part of the dominions of our ally, the emperor; and the customary amount of the exports and imports was only reduced by the French occupation of the country, and perhaps its still unsettled or uneasy state under its new masters. In 1795, however, the trade with Flanders, having been generally prohibited and declared illegal, disappears from the inspector-general's returns as completely as the trade with France: the imports for that year are set down at only 4,287*l.*, the exports at only 13,508*l.* In 1796 the imports were 7,067*l.*, the exports 65,054*l.* This slight improvement, which was maintained and extended in subsequent years, is to be attributed to a proclamation by the king in council, which was issued in the beginning of September in that year, permitting all kinds of British and foreign merchandize, except military and naval stores, to be exported from Great Britain in vessels belonging to any friendly power, to the Netherlands, and also to Holland and any part of Italy. "The Dutch government," Macpherson states, "considering this indulgence as a scheme for draining their country of its ready money, issued a

counter-proclamation, in the strongest terms enjoining their countrymen not to engage in such a trade, and strictly prohibiting the entry of British goods in their ports. They also required the French republic to adopt a similar resolution. But the French, though they had already prohibited the importation of British manufactures, finding it convenient to wink at a clandestine importation of them, were unwilling to follow the example of their allies in enforcing a strict adherence to a line of conduct, which, it is said, they themselves recommended to them. At last, on the Dutch threatening to withdraw their prohibition, the French government not only prohibited the importation of British merchandize, but also ordered that all British goods which were already in the country should be exported, and that all persons attempting to evade the prohibition should be stigmatized in the public papers as brokers of England and destroyers of French industry."* The effect of this prohibition, which had been for some time threatened or apprehended, although it was not issued till the 2nd of November, 1796, may be partly seen in the insignificant amount as just stated, of our exports to France in that year.

The first foreign state, after France, our commercial intercourse with which was in like manner all but annihilated by the war, was Holland, which was conquered by the French in the early part of the year 1795. In 1792, the official value of our imports from Holland had been 801,534*l.*, that of our exports thither, 1,516,449*l.* In 1793 the imports are set down at 806,305*l.*, the exports at 1,616,782*l.*; and in 1794 the imports had increased to 1,013,351*l.*, the exports to 1,640,915*l.* But in 1795 the imports were only 119,586*l.*, the exports only 111,115*l.* In 1796, however, the imports, according to the official account, had risen again to 309,933*l.*, and the exports to 516,267*l.*

In the course of the same year 1795, France, on the 5th of April, concluded a treaty of peace and alliance with Prussia, and on the 23rd of July, a similar treaty

* Annals of Commerce, iv. 380.

with Spain, which latter power, on the 5th of October, 1796, further declared war against England. On the 1st of March, 1795, also, the Duke of Tuscany had proclaimed his secession from the coalition against the French republic; in the summer of the same year the Landgrave of Hesse-Cassel had made peace with France; and in the course of 1796 the King of Sardinia, the Duke of Parma, the Duke of Modena, the Pope, the King of Naples, and all the other princes and states of Italy, as well as some of those of Germany, had been forced to follow these examples. "The French government," observes Macpherson, "in their treaties with all those powers stipulated the most favourable terms for the commerce of France; and they expressly insisted on an exclusion of British vessels from their ports as the condition of their pacification with some of them. As they rightly considered the British commerce as the feeder and support of the war, they took possession of the port of Leghorn, the capital station of the British trade in the Mediterranean sea, and seized all the British property found in it. The ports of all the continent of Europe were now shut against the admission of British merchandize by authority of their sovereigns, except the British port of Gibraltar, those of Turkey, Portugal, Germany, and the three northern powers."*

On the other hand, in the course of these first four years of the war, various acquisitions were made by Great Britain beyond the boundaries of Europe. In 1793 we took from the French the island of Tobago in the West Indies (15th April), and Pondicherry, Chandernagore, and all their other settlements in the East Indies. In March and April, 1794, the French West India islands of Martinique, St. Lucie, and Guadaloupe, with its dependencies, surrendered to Sir John Jervis and Sir Charles Grey; and, though Guadaloupe was retaken by the French in December following, and St. Lucie in July, 1795, the latter was recovered in May, 1796. From the Dutch, again, we took Malacca, Ceylon, and the Cape

* *Annals of Commerce*, iv. 381.

of Good Hope, in the latter part of 1795, and Amboyna and Demerara in the spring of the year following. With- in Europe, also, we acquired, in June, 1794, the sove- reignty of Corsica, which we held till the beginning of the year 1797. These changes ought to be kept in mind in reviewing the progress of our foreign trade for the first four years after the commencement of the war.

By comparing the account of imports and exports for the year 1796 with that of 1792, it appears that, in addition to France, Holland, and Flanders, already mentioned, the only foreign countries our trade with which suffered any diminution during this interval were the following:—

ITALY (exclusive of Venice):—from which the im- ports were 1,004,288*l.* in 1792, and only 299,796*l.* in 1796; and to which the exports were 946,119*l.* in 1792, and 747,969*l.* in 1796.

SPAIN:—the imports from which were 897,839*l.* in 1792, and 809,880*l.* in 1796; the exports to which were 794,101*l.* in 1792, and 546,125*l.* in 1796.

PORTUGAL AND MADEIRA:—from which the imports were 977,819*l.* in 1792, and 677,772*l.* in 1796; and the exports to which were 754,622*l.* in 1792, and 876,000*l.* in 1796.

TURKEY AND EGYPT:—from which the imports were 290,599*l.* in 1792, and 150,182*l.* in 1796; and the ex- ports to which were 273,785*l.* in 1792, and 155,510*l.* in 1796.

AFRICA (including Sierra Leone and the Cape of Good Hope):—the imports from which were 82,912*l.* in 1792, and 120,396*l.* in 1796; but the exports to which were 1,367,918*l.* in 1792, and only 614,307*l.* in 1796.

In none of these cases, however, was the decrease of any considerable amount, except only in the imports from Italy and the exports to Africa; and, although our trade with Portugal, Turkey, and Africa may have been depressed by the state of things arising out of the war, we were in no degree shut out by the war from our cus- tomary intercourse with those parts of the world.

There was, indeed, likewise some slight falling off in the following branches of the trade carried on between

Great Britain and the other portions or dependencies of the empire :—

BRITISH AMERICA :—from which the imports were 255,797*l.* in 1792, and 268,776*l.* in 1796 ; but to which the exports were 1,119,991*l.* in 1792, and only 1,017,620*l.* in 1796.

GIBRALTAR (with the Straits) :—the imports from which were 13,153*l.* in 1792, and 28,593*l.* in 1796 ; but the exports to which were 197,224*l.* in 1792, and only 141,936*l.* in 1796.

ISLE OF MAN :—from which the imports were 27,342*l.* in 1792, and 31,310*l.* in 1796 ; but the exports to which were 37,527*l.* in 1792, and only 36,446*l.* in 1796.

But all this—the nearly entire loss of the trade with France and the Netherlands, the great diminution of that with Holland and that with Italy, the decrease in that with Spain, and the more considerable falling off in that with Africa, the insignificant decline in that with Portugal and that with Turkey, and the other still more trifling differences, of a merely accidental or temporary kind, which turn up against 1796 on a comparison of the two years—is much more than counterbalanced by the gain in the following cases :—

UNITED STATES OF AMERICA : — imports from, 1,038,706*l.* in 1792, 2,080,970*l.* in 1796 ; exports to, 4,271,418*l.* in 1792, 6,054,286*l.* in 1796.

RUSSIA : — imports from, 1,708,670*l.* in 1792, 2,110,083*l.* in 1796 ; exports to, 800,761*l.* in 1792, 766,896*l.* in 1796.

GERMANY : — imports from, 650,436*l.* in 1792, 2,082,275*l.* in 1796 ; exports to, 2,139,110*l.* in 1792, 8,173,989*l.* in 1796.

PRUSSIA AND POLAND :—imports from, 603,933*l.* in 1792, 1,304,386*l.* in 1796 ; exports to, 167,036*l.* in 1792, 596,379*l.* in 1796.

DENMARK AND NORWAY :—imports from, 186,648*l.* in 1792, 243,928*l.* in 1796 ; exports to, 312,720*l.* in 1792, 509,783*l.* in 1796.

SWEDEN :—imports from, 338,689*l.* in 1792, 347,336*l.* in 1796 ; exports to, 118,339*l.* in 1792, 121,512*l.* in 1796.

VENICE:—imports from, 65,331*l.* in 1792, 75,257*l.* in 1796; exports to, 17,112*l.* in 1792, 25,882*l.* in 1796.

CANARIES:—imports from, 10,222*l.* in 1792, 15,751*l.* in 1796; exports to, 17,277*l.* in 1792, 16,724*l.* in 1796.

FOREIGN WEST INDIES:—imports from, 280,484*l.* in 1702, 356,461*l.* in 1796; exports to, 106,623*l.* in 1792, 107,328*l.* in 1796.

BRITISH WEST INDIES:—imports from, 4,128,047*l.* in 1792, 4,541,217*l.* in 1796; exports to, 2,784,310*l.* in 1792, 3,954,816*l.* in 1796.

EAST INDIES and other parts of Asia:—imports from, 2,701,433*l.* in 1792, 3,372,689*l.* in 1796; exports to, 2,425,947*l.* in 1792, 2,358,707*l.* in 1796.

NEW HOLLAND and Southern Whale Fishery:—imports from, 114*l.* in 1792, 0*l.* in 1796; exports to, 11,940*l.* in 1792, 18,669*l.* in 1796.

GREENLAND and Northern Whale Fishery:—imports from, 63,777*l.* in 1792, 106,867*l.* in 1796; exports to, 695*l.* in 1792, 358*l.* in 1796.

IRELAND:—imports from, 2,622,732*l.* in 1792, 2,764,877*l.* in 1796; exports to, 2,372,866*l.* in 1792, 2,897,069*l.* in 1796.

GUERNSEY and other Channel Islands:—imports from, 58,852*l.* in 1792, 228,979*l.* in 1796; exports to, 92,130*l.* in 1792, 196,631*l.* in 1796.

In some of these instances it is easy to see that the increase was partly the consequence of the stoppage or diminution of the trade with some other country. Thus, no doubt, the commerce which had formerly been carried on directly with Holland, the Netherlands, and Italy, was now in part carried on indirectly through Germany and Prussia. In other cases a freer intercourse than formerly had been promoted, or sought to be promoted, by special arrangements or treaties of commerce.

A commercial treaty, which had been concluded with Russia in 1766, after having been allowed by the Russian government to expire, was renewed for six years in 1793; but no sooner had this been done than an imperial ukase was issued (on the 8th of April) absolutely prohibiting the importation of many of the principal articles of British manufacture, such as wrought iron of all sorts,

wrought copper, gilt and plated ware, watches, coaches, striped and flowered easimirs, spagnolettes, and plushes, gauzes, and all ribands of more than one colour; and this was followed (on the 13th of December) by the prohibition of all other striped or woollen goods. "The consequence of these edicts," says Macpherson, "was, that many of the Russian merchants were reduced to bankruptcy, or obliged to return the goods they had purchased, instead of making the stipulated payment, to the importers, who in vain applied to the empress to restore the duties they had paid for the right of selling the goods in her dominions; so that prodigiously heavy losses fell upon the British merchants, the very best customers of Russia, and upon the British manufacturers, who had put goods suitable for the Russian market in hand in a dependence on receiving the customary orders for them. It is difficult to account for this conduct of the wise and magnanimous Catherine. She could not intend to depress the British manufactures in favour of those of France, for she had already cut off all communication with that country; and, if she proposed by the prohibition of such goods to encourage or push forward the manufacture of such articles in her own dominions, the measure was at least premature."* At this time more than half of the entire foreign trade of Russia was with Great Britain. Of 800 foreign (besides 48 Russian) vessels which arrived at St. Petersburg in 1793, no fewer than 536 were British, as were 542 of 877 which in the same year cleared outwards from that port. Although, however, the prohibitory regulations of the government of Russia appear to have for a time checked or somewhat diminished the importation of British manufactures into that empire, the trade between the two countries in Russian produce, as we have seen, went on increasing, and giving every year more employment to British shipping. And at last, in February, 1797, a new commercial treaty was concluded between the two countries, to last till 1807.

But the most important treaty of commerce the account of which belongs to the space of time now under review

* *Annals of Commerce*, iv. 286.

was that concluded with the United States of America. In the beginning of November, 1793, with the view of preventing the importation by the French of the produce of their West India islands, which, after the commencement of the war, was managed by the produce being first sent to the continent of America, and thence conveyed to France in the neutral vessels of the United States, an order of the king in council was issued for seizing and detaining all vessels carrying either any produce of the French colonies, or provisions or other supplies for the use of those colonies. It is said that so many as 600 American vessels were seized or detained in English ports, under this order, between the 6th of November, 1793, and the 28th of March following; and it spread the greatest alarm among the merchants connected with the United States, who declared their apprehension that it would occasion an immediate rupture with that country. The American government, also, soon took up the matter, and after having, on the 26th of March, 1794, laid an embargo for thirty days on all British vessels in their ports, dispatched Mr. Jay, as envoy extraordinary to the Court of St. James's, to demand redress. Upon this the order in council was revoked; and negotiations were entered upon, in a conciliatory spirit, which ended in the conclusion of a treaty of amity, commerce, and navigation between the two countries. Of this treaty the following were the most material articles:—The river Mississippi (in conformity with a similar arrangement in the treaty of peace of 1783) was declared to be entirely open to the subjects of both governments, who might equally use all the landing-places on its east side. Provision was made for ascertaining and settling, by a joint survey and amicable negotiation, the northern boundary of the territory of the United States, between the Lake of the Woods and the river Mississippi (the still undetermined division of the Oregon country). It was also agreed that commissioners should be appointed on both sides to determine which of the branches of the river St. Croix ought to be fixed as the boundary between the British provinces in the north-east and the United States (the question, or equivalent of the question, that has only so

recently been settled). The 10th article ran as follows : —“ Neither the debts due from individuals of the one nation to individuals of the other, nor shares nor moneys which they may have in the public funds or in the public or private banks, shall ever, in any event of war or national differences, be sequestered or confiscated ; it being unjust and impolitic that debts and engagements, contracted and made by individuals having confidence in each other, should ever be destroyed or impaired by national authority, on account of national differences and discontents.” A reciprocal and entirely perfect liberty of navigation and commerce being mutually agreed upon, it was arranged that during the continuance of the war, and for two years after its termination, the citizens of the United States might carry, in vessels of their own not exceeding the burthen of 70 tons, to the British West Indies, all such produce or manufactures of the United States as could be lawfully carried from the States to the Islands by British vessels ; and also that the American vessels might carry back from the Islands to the States all such West Indian produce as British vessels might carry to the same quarter ; the same duties being levied by each government upon the ships of the one country as upon those of the other engaged in this trade. The United States, however, engaged to prohibit the carriage, in American vessels, of molasses, sugar, coffee, cacao, or cotton (the produce of the British West Indies, it must, apparently, be understood, although it is not so expressed), either from the Islands or from the United States to any other part of the world. The liberty of trading in the ports of the British territories in the East Indies was granted to American vessels, the government of the United States engaging that such vessels should carry the goods brought away by them from India to no part of the world but their own ports in America. By the 15th article it was agreed that no higher duties should be charged in the ports of either country upon vessels belonging to the other than were paid by the like vessels or merchandize of all other nations. “ Nor,” continued the article, “ shall any prohibition be imposed upon the

exportation or importation of any articles to or from the territories of the two parties respectively which shall not equally extend to all other nations. But the British government reserves to itself the right of imposing on American vessels entering into the British ports in Europe a tonnage-duty equal to that which shall be payable by British vessels in the ports of America ; and also such duty as may be adequate to countervail the difference of duty now payable on the importation of European and Asiatic goods when imported into the United States in British or in American vessels." Both parties further agreed to treat for a more exact equalization of duties. If a vessel should be taken or detained on suspicion of having enemy's property on board, or of carrying to an enemy any contraband articles, it was stipulated that only the illegal portion of the cargo should be condemned and made prize of. By the 21st article the two governments bound themselves not to permit their subjects or citizens to accept commissions from the enemies of the other, nor to permit such enemies to enlist any of their subjects or citizens into the military service ; any subject or citizen found acting contrary to this article being made punishable as a pirate. And by subsequent articles they agreed that neither would permit privateers commissioned by the enemies of the other either to arm or to trade in their ports ; or would allow a vessel belonging to the other to be taken within any of its bays, or within cannon-shot of its coasts. In case of a rupture between the two countries, the subjects or citizens of the one residing in the dominions of the other were to have the privilege of remaining and continuing their trade so long as they committed no offence against the laws ; and, even if their conduct should induce the government to order them to depart from the country, they were to be allowed twelve months to remove their families and effects. Each party, by the 27th article, agreed to deliver up to justice all fugitives charged with murder or forgery committed within the jurisdiction of the other. Other articles provided for the settlement, by commissioners appointed by the two governments, of various claims made by the one

against the other, arising out of the events of the war; especially the claims of the United States on account of damages their citizens were alleged to have sustained by irregular and illegal captures or condemnations of their vessels and property by British cruisers, and those made by subjects of Great Britain, who complained that their vessels had been taken within the jurisdiction of the United States, or by vessels originally armed in the ports of that country. The revocation of the order in council of November, 1793, had, before the commencement of the negotiations, removed a principal source of complaint on the part of the Americans; but nothing was settled by the treaty as to other matters which had been the subjects of remonstrance by the government of the United States: among others, the standing provocation and cause of after-quarrel, the asserted impressment of American seamen by British ships of war.

This treaty, which was signed by Lord Grenville and Mr. Jay on the 19th of November, 1794, "was very far," says Macpherson, "from being satisfactory to the people of the United States, who complained that their trade with the British West Indies would be so hampered with the restrictions of it that it would never be of any advantage to them. They also observed that the chief points in dispute between the two countries were still as far from being decided as ever. On the other hand, it was remarked on this side of the water that the article restricting the trade of the United States with the British West Indies to vessels not exceeding seventy tons was equivalent to an act for creating a nursery of seamen for America."* This last objection was founded on the notion that small vessels require a considerably greater number of men than large ones in proportion to the quantity of goods carried by them. Although ratifications of the treaty by the two governments were exchanged on the 25th of October, 1795, it was not ratified by the American House of Representatives till the 30th of April, 1796; nor was the act for carry-

* *Annals of Commerce*, iv. 320.

ing its provisions into full effect passed by the British parliament till the 4th of July, 1797.

The suspension of cash payments by the Bank of England, in February, 1797, whatever may have been the extent to which it affected prices in the home market, makes as marked an epoch in the history of our commerce as it does in that of the national finances. From papers which were laid before parliament, it appears that the first formal intimation of a pressure, or apprehended pressure, was made by the Bank to government in the beginning of 1795. A resolution of the directors, on the 15th of January in that year, expressed their determination not in future to allow the sum to be advanced at any time upon treasury bills to exceed 500,000*l.*, alleging as a reason the uneasiness they felt at the heavy amount of the loans then about to be raised, 6,000,000*l.* (the actual sum was 4,600,000*l.*) for a foreign power (the emperor), besides 18,000,000*l.* for ourselves. On the 16th of April we find them reiterating this determination, and at the same time complaining that their actual advances were still allowed to stand at between 1,500,000*l.* and 2,000,000*l.*, notwithstanding a promise of the chancellor of the exchequer three months before that the excess over 500,000*l.* should certainly be paid off after the receipt of the first payment on the new loan. All their applications remaining unattended to, on the 30th of July they passed a resolution threatening to give orders to the cashiers to refuse payment of all treasury bills whenever the advance should amount to the limit they had fixed. A few days after this (on the 6th of August) came an application from Pitt for a further accommodation (it appears to have been to the extent of 2,500,000*l.*) on the security of the growing surplus of the consolidated fund: this the directors declined taking into consideration till the minister should have given them full satisfaction on the subject of the advances on treasury bills, "which," remarks the resolution, "is not even touched upon in his letter." The loan was eventually granted only on Pitt's assurance that he would take care the conditions insisted upon by the Bank,

including the reduction of the advances on bills to 500,000*l.* by the end of November, should be punctually complied with. The arrangement was made, as the directors remind him in a subsequent communication, dated the 8th of October, "with extreme reluctance on their part, on his pressing solicitations and statement that serious embarrassments would arise to the public service if the Bank refused." In this communication the directors for the first time enter upon a full exposition of the grounds of their apprehensions. They mention "the very large and continued drain of bullion and specie which the Bank has lately experienced, arising from the effects of the loan to the emperor and other subsidies," and "the prospect of the demand for gold not appearing likely soon to cease;" and then they say, "In addition to the above causes, it may be proper to state that large sums are likely soon to be called for by the claimants of the cargoes and freights of the neutral ships taken and about to be reimbursed; many of whom, as they [the directors] are credibly informed, are instructed by their owners and proprietors to take back their return in specie or bullion. The present price of gold being from 4*l.* 3*s.* to 4*l.* 4*s.* per ounce, and our guineas being to be purchased at 3*l.* 17*s.* 10½*d.*, clearly demonstrates the grounds of our fears." Matters continued in the same state for the rest of this year; the drain of specie went on; and on the 12th of December the advances by the Bank on the bills drawn by the treasury amounted to 2,670,000*l.* At a meeting of the directors on the 28th of January, 1796, when it was stated that a notice had come from the Treasury, intimating that bills to the amount of 201,000*l.* would be presented for payment at the Bank on the 3rd February, it was resolved unanimously "that the governor do give directions to the cashiers not to advance any money for the payment of these bills, nor to discharge any part of the same, unless money shall be sent down for that purpose." Pitt was accordingly obliged to provide the money. After this the governor and other directors had repeated interviews with Pitt. At one of these conferences, on the 5th of February, we are told,

“ Mr. Pitt read some extracts of letters from the British resident and others at Hamburg, which mentioned that large quantities of English guineas were imported thither by the packets from Yarmouth; and one mentioned that the guineas were melted down on their arrival there.” Pitt observed that attention should be paid to this matter at the outports. The amount advanced by the Bank to the Treasury, however, now underwent some reduction: on the 14th of June, 1796, it is stated at 1,232,649*l*. Pitt having, a few days after this, again addressed the directors in the most importunate terms, and wrung from them a further advance of 800,000*l*., and also an engagement (from which they at first shrunk in utter dismay) to let him have as much more by the end of the following month, they accompanied their most reluctant acquiescence in the last of these demands, on the 28th of July, with a memorial, in which they said that they thought they should be wanting in their duty if they did not take the occasion of making a “ most serious and solemn remonstrance, which, for the satisfaction of their court, they desire may be laid before his majesty’s cabinet;” adding that, by what they had consented to do, they rendered themselves totally incapable of granting any further assistance to government during the remainder of the year, and unable even to make the usual advances on the land and malt-tax bills for the ensuing year, should those bills be passed before Christmas. On the 3rd of November, nevertheless, they agreed, at Pitt’s request, to advance him 2,750,000*l*. on the land and malt taxes, on condition that their advances on the treasury bills, now amounting to 1,513,345*l*., should be paid thereout. Pitt seems to have got the money, but not to have repaid the advances; for on the 1st of February, 1797, we find the directors again representing, in a very uncomfortable tone, that the said advances now amounted to 1,554,635*l*., and would in a few days be augmented to 1,819,818*l*. But now came, in addition to all other causes of alarm, the proposal of a loan of 1,500,000*l*. to Ireland. On the 10th of February the directors, taking this threatening certainty, as they describe it, into their most

serious consideration, and looking to the evils which would probably follow on such a measure to their establishment, "by the sending over to that country a great part of the sum in specie," resolved to apply to the minister for the repayment, or at least considerable reduction, of the debt due by government to the Bank, as the only means of defence they could devise against the mischiefs they dreaded from this Irish loan. The entire sum owing them by the government they made to be 7,186,445*l.*, besides about 400,000*l.* arrears of interest: the items being—arrears of advances on malt and land tax for 1794, 1795, and 1796, 3,322,000*l.*; advances on exchequer bills, 2,291,800*l.*; and advances on treasury bills, 1,674,645*l.* The money for Ireland was eventually found by increasing the loan to be raised for Great Britain from 13,000,000*l.* to 14,500,000*l.* But no sooner had this been settled than another black and fast-spreading cloud appeared in the sky to raise the alarm of the directors to a higher pitch than ever. A resolution, or minute, of a meeting of the court on the 21st of February states the great uneasiness inspired by the large and constant decrease of the cash in the coffers of the Bank; and expresses the conviction impressed upon the court, "by the constant calls of the bankers from all parts of the town for cash, that there must be some extraordinary reasons for this drain, arising probably from the alarm of an expected invasion." It was resolved to send a deputation to the chancellor of the exchequer, to ask him that he would, "if possible and proper, strike out some means of alleviating the public alarm, and stopping this apparent disposition in people's minds for having a large deposit of cash in their houses." Pitt said he could not think there was any good ground for the apprehension of an invasion, which had spread so generally—although he "could not answer that no partial attack on this country would be made by such a mad and desperate enemy as we had to deal with;" and he advised the deputation to endeavour to obtain a supply of gold from abroad, which they told him they would if they could, having already had the matter under consideration. Orders were ac-

cordingly sent to Hamburg for the purchase of gold. The drain, however, still continued, or increased; and on the 24th a deputation from the court of directors again sought an interview with the minister, at which, laying before him the state of things, and their alarm for the safety of the house, they asked him, "how far he thought the Bank might venture to go on paying cash, and when he would think it necessary to interfere before our cash was so reduced as might be detrimental to the immediate service of the state." From an account afterwards printed, it appears that the stock of cash and bullion in possession of the Bank, which had been 8,608,000*l.* in March 1794, had declined to 7,940,000*l.* in March 1795, to 2,972,000*l.* in March 1796, to 2,508,000*l.* in December 1796, and was now, on Saturday the 25th of February, 1797, reduced to 1,272,000*l.* In this critical state of affairs a dispatch was sent to the king, requesting him to come immediately to town to be present at a privy council, which was accordingly held on the next day, Sunday the 26th, at St. James's; and then, after an interview with the governor and other directors of the Bank in Downing-street, at which there is said to have been a warm discussion, the leading members of the administration, namely, the lord chancellor (Loughborough), the lord president (Earl of Chatham), the Duke of Portland (secretary of state for the home department), the Marquess Cornwallis (master-general of the ordnance), Earl Spencer (first lord of the admiralty), the Earl of Liverpool (chancellor of the duchy of Lancaster), Lord Grenville (foreign secretary), and the chancellor of the exchequer (Pitt), met again and drew up a minute, declaring that, upon the representations of the chancellor of the exchequer, as to the effects of the unusual demand for specie that had been made upon the metropolis, "in consequence of ill-founded or exaggerated alarms in different parts of the country," it was the unanimous opinion of the board that it was indispensably necessary for the public service that the directors of the Bank of England should forbear issuing any cash in payment, until the sense of parliament could be taken on that subject, "and the proper mea-

asures adopted thereupon for maintaining the means of circulation, and supporting the public and commercial credit of the kingdom at this important conjuncture." It was ordered that a copy of the minute should be transmitted to the directors; "and they are hereby required," it was added, "on the grounds of the exigency of the case, to conform themselves thereto, until the sense of parliament can be taken as aforesaid." The order of council was published by the directors on Monday morning, accompanied by a notice of their own, in which they stated that the general concerns of the Bank were in the most affluent and flourishing condition, and were such as to preclude every doubt as to the security of its notes; and thus, in one night, all people found their money converted into leaves of paper, intrinsically of no more value than the leaves into which the magic coins, that glittered so brightly when deposited in the chest, are when next inspected discovered to have withered away, in the Eastern tale.

For all practical purposes, however, the value of the now inconvertible bank-notes underwent at first very little, if any, change. "The actual arrival," says Macpherson, "of an event, which, by all persons who had ever contemplated a probability of its happening, had been dreaded as the death-blow to the commercial prosperity of the country, produced considerable alarm; but it was infinitely short of what might have been expected." Now that the bold step had been ventured upon, the most spirited and energetic measures were taken to sustain public credit under so great a shock. The principal merchants and bankers of London immediately assembled at the Mansion House, and, under the presidency of the Lord Mayor, resolved unanimously that they would readily receive bank-notes in all payments to be made to them, and would use their utmost endeavours to make all their own payments in the same manner. This resolution was signed in a few days by above three thousand merchants, bankers, and other persons engaged in trade. On the following day a similar paper was signed and published by the lords of privy council. "And in a few

days," it is stated, "all transactions of every kind went on as if nothing had happened; and people in general did not perceive, at least not immediately, that there was any difference between bank-notes, not convertible into money of solid gold and silver, and that money itself." * Bills were immediately brought into parliament, and were carried expeditiously through both Houses, authorizing the Bank of England to issue promissory notes payable to the bearer for sums under five pounds, and suspending the act of 1775, against the circulation of notes under the value of twenty shillings in England, and also that of 1765, which prohibited such notes in Scotland. But, even before the proceeding had thus obtained the sanction of the legislature, the directors of the Bank of England had begun the issue of one and two pound notes, "which," says Macpherson, writing in 1805, "have continued ever since to be almost the only currency for making small payments in London and the neighbouring country." And he adds, "As a further substitute for British guineas, they also introduced into the circulation of this country a great quantity of Spanish dollars, which, with a miniature impression of his Britannic majesty's head stamped upon them, they issued at the price of 4s. 9d. They continued in circulation till the 31st of October, 1797, during which time prodigious numbers of dollars were imported into the country, and stamped so like those stamped for the Bank at the Mint, that they could scarcely ever be distinguished. At the time of calling them in, the directors of the Bank found it necessary, after their clerks had done all in their power to distinguish the counterfeit stamps from their own, to submit to the loss, and receive all stamped dollars indiscriminately at 4s. 9d.; whereby, it was said, considerable sums were made by some unprincipled people, who had made a business of dealing in dollars." † The indignant historian does not seem to perceive that the Bank itself had been here carrying on precisely the same traffic which he reprobates as so unprincipled in other dealers—importing dollars to pass them

* Macpherson's *Annals of Commerce*, iv. 410.

† *Ibid.*, iv. 415.

off for more than they cost or were worth—and that, in being thus obliged to take in a few more high-priced dollars than they had issued, they were only foiled at their own weapons. Some accommodation was also given by a new coinage of penny and twopenny pieces in copper. “They were executed,” says Macpherson, “by Messrs. Boulton and Watt, of Soho, near Birmingham, and have been admired for the elegance of the figure of Britannia, who has the olive-branch (the emblem of peace) in her right hand, as before, and in her left, instead of the hasta (or spear), she now wields Neptune’s trident, a ship under sail appearing at sea in the distance. The letters of the legend (or inscription) are not raised, as usual, but sunk into the surface of a border, which rises above that of the coin, in order to protect the figures from being worn away.”*

The parliamentary sanction of the order in council issued on the 26th of February was not obtained till the 3rd of May, when an act (the 37 Geo. III. c. 45) was passed, confirming whatever had been done by the governor and company of the Bank in pursuance of the said order, indemnifying them for the illegality of their refusal to give cash for their notes, declaring any suits brought against them on that account to be void, and of no effect; and also extending the suspension of cash payments to the 24th of June. A succession of subsequent statutes, however, continued the restriction throughout the present period; so that from this date an inconvertible paper-money remained the basis of the national currency.

But, as we have said, the natural effects of this change upon prices, and in other respects, do not appear to have been felt to any considerable extent for some time. It is supposed that the quantity of gold in circulation at the time of the suspension may have been about 22,000,000*l.* Of this amount probably not less than 5,000,000*l.* was hoarded, or withdrawn from the circulation without being sent out of the country; and there was still a subsisting currency of guineas, and other gold coins, which, al-

* Annals, iv. 415.

though it had been constantly diminishing, was estimated as being even at so late a date as 1811 not much less than 3,000,000*l.*; so that the entire amount of gold set free to augment the quantity of that commodity in the foreign market could not have exceeded 13,000,000*l.* or 14,000,000*l.* sterling.* The quantity of gold, coined and uncoined, in Europe, Asia, and America, was probably not much less than a hundred times this amount;† and therefore the value of money could only have been diminished (or, in other words, prices could only have been raised) abroad to the insignificant or nearly imperceptible extent of little more than one per cent., by the immediate and direct operation of this change in the system of the English currency. In England, again, it may be doubted if it really produced any rise of prices at all at first. For some years after the suspension of cash payments, the issues of the Bank were so limited that its paper does not appear to have undergone any depreciation whatever; nor down to 1810 did the average excess of the market above the mint price of gold rise to more than about 4 per cent. It has indeed been argued that the rise of prices occasioned by the substitution of a fictitious for a real currency is not to be measured by this depreciation, and that it was actually much greater than such an indication would make it; but this notion appears to rest on no intelligible grounds. It probably never would have been taken up had it not been that there did take place, in point of fact, some time after the suspension, a progressive rise of prices, affecting most of the articles of primary necessity, but occasioned by causes with which the issues of the Bank had nothing to do.

Mr. Tooke, in an historical review of the state of

* See 'A History of Prices, and of the State of the Circulation, from 1793 to 1837, by Thomas Tooke, Esq., F.R.S.' 3 vols. 8vo. Lond. 1838-1840. Vol. i. pp. 130, &c.

† The amount when he wrote, in 1831, is estimated by Mr. Jacob, 'On the Production and Consumption of the Precious Metals,' vol. ii. p. 347, at about 1,200,000,000*l.*

prices and of the circulation from 1793 to 1803, has conclusively established the following among other facts and deductions:—"That, in consequence of the two very deficient harvests of 1794 and 1795, a great rise of the prices of provisions took place in 1795 and 1796, coincidently with a remarkable contraction of the Bank circulation; and that there was, coincidently with an enlargement of the circulation, a rapid fall of the prices of provisions, and a complete subsidence of them, at the close of 1798, to the level of what they had been at the commencement of 1793;" "That, while from 1796 to the close of 1798 the prices of provisions, and of European produce generally, were falling, the prices of all Transatlantic produce were rapidly rising;" "That the great fall of the prices of corn, and of European produce generally, from 1796 to the close of 1798, took place coincidently with a progressively increasing government expenditure, defrayed chiefly by loans;" "That the prices of provisions, which at the beginning of 1799 were as low as they had been on an average of some years anterior to 1793, advanced, in common with other articles of European produce, to an unprecedented height, as a necessary consequence of the two very deficient harvests of 1799 and 1800, combined with actual and apprehended obstructions to importation;" "That, coincidently with the great rise in the prices of provisions, and of European produce in 1799 and 1800, a very great fall took place in all Transatlantic produce, thus negating the inference of the operation of a common cause, such as that of mere increase of money." Finally, Mr. Tooke has shown that, except in the case of articles constituting naval and military stores, not a trace can be found from 1793 to the peace of Amiens, of the operation of war-demand upon prices, any more than of that of depreciation of the value of the currency, "understanding, by that term, a rise of prices caused by an increase of money, and not by a relative scarcity of commodities."*

The only qualification we should be disposed to offer to these views of Mr. Tooke would be to suggest that the

* History of Prices, i. 176-254.

coincidence of a rise in the prices of Transatlantic produce with a fall in the prices of provisions in the period from 1796 to 1799, and of a fall in the prices of Transatlantic produce with a rise in the prices of provisions in 1799 and 1800, may possibly have been in part occasioned by a cause to which we do not find that he anywhere adverts, namely, the greater amount of income in the one case, and the less in the other, left free for the purchase of articles that were not of first necessity. The prices of all other things appear to be governed, to a certain extent, by the price of provisions and of other absolute necessities. When provisions are scarce and dear, there is less money to be laid out on articles of luxury, the prices of which, accordingly, other things remaining the same, are depressed: and the contrary when provisions are plentiful and cheap. The general facts brought out by Mr. Tooke's investigations, however, remain unaffected by this consideration; and they are very material to be kept in recollection in looking at the progress of our foreign trade during the small portion of the present period that still remains to be gone over.

Our territorial acquisitions from the beginning of 1797 to the peace were principally the following:—In February, 1797, we took from Spain the important island of Trinidad. In the spring of 1799, the capture of Seringapatam and the conquest of Mysore made a considerable addition to our Indian empire. In the autumn of the same year we obtained possession of the Dutch colony of Surinam in South America. Early in 1800 we took from the French the island and fort of Goree, in Africa; and in the latter part of the same year their recent conquest, Malta, fell into our hands, and also the Dutch West Indian island of Curaçoa.

The total official value of our imports, which in 1796, as we have seen, was 23,187,319*l.*, fell in 1797 to 21,013,956*l.*; and that of our exports from 30,518,913*l.* to 28,917,010*l.* In 1798, however, the imports rose to 27,857,889*l.*, and the exports to 33,591,777*l.*; in 1799, the imports were 26,837,432*l.*, the exports 35,991,329*l.*; in 1800, the imports were 30,570,605*l.*, the exports 43,152,019*l.* On the whole, therefore, the imports had

increased in these four years very nearly 33 per cent., and the exports more than 41 per cent. The increase of the entire foreign trade was from 53,706,232*l.* to 73,722,624*l.*, or between 35 and 36 per cent.

We will now subjoin a view of the extent of our trade with the different parts of the world in the year 1800, as compared with the year 1796: adding under each country a notice of the principal articles imported from it and exported to it, collected from a more detailed statement which Macpherson gives as extracted by himself from the Custom-house registers, and which he says will be found to differ very much from the accounts commonly given.*

IRELAND:—The official value of the imports from Ireland had declined from 2,764,877*l.* in 1796, to 2,312,823*l.* in 1800; but that of the exports thither had increased from 2,897,069*l.* to 3,741,499*l.* The imports in 1800 consisted of cattle, hides, beef, pork, tobacco, 32,152,399 yards of linen, some linen and woollen yarn, a few potatoes, &c.; the exports, of coal (to the value of 360,000*l.*, mostly from Scotland), woollen, cotton, and silk manufactured goods, cotton yarn to the value of 80,458*l.*, leather, ironmongery and hardware, earthenware, 106,000 barrels of herrings (mostly from Scotland), bottles and window-glass, salt, cheese, &c.; together with rum, brandy, wine, sugar, tea, drugs, dye-stuffs, and numerous other articles of foreign and colonial produce.

ISLE OF MAN:—The imports, consisting of red and white herrings, Irish linen, and linen yarn, had increased from 31,310*l.* to 37,109*l.*; the exports, consisting of coals, flour, cottons and woollens, sugar, tea, rum, &c., from 36,446*l.* to 54,056*l.*

GUERNSEY and the other Channel Islands:—Imports had increased from 228,979*l.* to 238,007*l.*; exports, from 196,631*l.* to 210,272*l.* “Guernsey,” says Macpherson, “is a kind of storehouse for merchandize imported from foreign countries and lodged there, in order to save the advance of the duties, till they [the goods] are wanted; and hence the imports consist of all kinds of foreign goods,

* Annals of Commerce, iv. 537-546.

but chiefly Portugal, French, and Spanish wines, brandy, &c.; also some dye-stuffs and drugs; paving-stones; cyder; worsted stockings from Jersey, 5935 dozen pairs." Among the exports to these islands are enumerated 196 cows and oxen to Alderney, flour, 2007 tods of wool to Jersey, provisions, cloths, and the other ordinary necessities, India piece-goods, German, Irish, and Russian linens, rum, geneva, &c.

GREENLAND, and the Northern Whale Fishery:—Imports, consisting of train and spermaceti oil, whalebone, and seal-skins, had increased from 106,867*l.* to 125,804*l.*; exports (rum, for ship stores), from 358*l.* to 761*l.*

NEW HOLLAND, and the Southern Whale Fishery:—Imports (same as from the Greenland seas, with a little wood and some birds) had increased from 0*l.* to 89,232*l.*; exports, consisting of brandy, geneva, and wine for ship stores, and of wrought iron, hardware, cloths, groceries, &c., from 18,669*l.* to 25,617*l.*

EAST INDIES, and other parts of Asia:—Imports had increased from 3,372,689*l.* to 4,942,241*l.*; exports from 2,358,707*l.* to 2,835,063*l.* The imports consisted of tea, indigo, sugar, coffee, books, canes, drugs, gums, oils, cochineal, China ink, galls, turmeric, seed-lack, ivory, fans, cane-mats, cinnamon, cloves, mace, nutmeg, pepper, Cayenne pepper, ginger, sago, rice, cassia; ebony, sandal, satin, and sapan woods; preserved fruits, mother of pearl, cowries, carnelian stones, saltpetre, arrack, Carmania and goats' wool, raw silk, calicoes and muslins, and many varieties of piece-goods for re-importation, the sale of them in Great Britain being prohibited. The exports comprehended most of the ordinary articles of consumption, whether necessities or luxuries; among other things, 14,836*l.* worth of books, a large amount of ship-chandlery of all kinds, for the building of vessels in India, some woollens, silks, and cottons, 8000 yards of British muslins, tin and other metals, coaches and chaises, French, Portugal, Rhenish, and Spanish wines, rum, brandy, and geneva.

GIBRALTAR, with the Straits:—Imports had increased from 28,593*l.* to 35,665*l.*; exports, from 141,936*l.* to 294,557*l.* The imports were currants, drugs, and dye-

stuffs from the Straits; barilla, brimstone, quicksilver, cochineal, indigo, and other dye-stuffs, almonds, raisins, and other fruits, oil, Portugal, Spanish, Italian, Cyprus, and Madeira wines, some cotton, and 33,748 lbs. of Spanish wool from Gibraltar. Nothing was exported to the Straits; but to Gibraltar were sent all the ordinary articles of consumption, the place itself producing nothing. Some trade was also carried on in 1800 with our recently acquired possessions of Minorca and Malta. The imports from Minorca, estimated at 13,500*l.*, consisted of barilla, lemons and oranges, with a little oil, thrown silk, cotton, and oil; the exports thither, of a few woollen goods, some herrings, a small quantity of refined sugar, and several other such articles. From Malta there were no imports; but the place figures in the table of exports for this year (1800) on the strength of a shipment to it of 28*l.* worth of bottled beer.

AFRICA, including Sierra Leone and the Cape of Good Hope:—Imports had declined from 120,396*l.* to 96,563*l.*; but exports had increased from 614,307*l.* to 1,099,656*l.* There were no imports from Sierra Leone; those from the Cape consisted of some wine, cotton, and skins: those from the rest of Africa, of gums, camwood, ebony, redwood, ivory, a few ostrich feathers, and some skins. The exports were guns, to the number of 80,806, cutlasses, gunpowder, rum, brandy, geneva, and British spirits, beer, woollens, cottons, and linens, India piece-goods to a large amount, earthenware, glass, provisions, and a few other necessities.

BRITISH AMERICA:—Imports had increased from 268,776*l.* to 393,696*l.*; exports had declined from 1,017,620*l.* to 975,986*l.* The imports consisted of skins, or furs, feathers, and castoreum, from Hudson's Bay; a small quantity of fish, train-oil, and seal-skins from Newfoundland; pearl-ashes, pot-ashes, wheat, flour, castoreum, train-oil, skins, masts, boards, and other lumber from Canada; skins and lumber from New Brunswick; tar and turpentine, skins, lumber, and pearl-ashes from Nova Scotia. The principal exports were guns, gunpowder, cordage, sailcloth, salt, copper, steel, wrought brass, wrought leather, cottons, silks, woollens, hats, haber-

dashery, wines, spirits, spiceries, groceries, and other foreign or colonial produce. There was also a small trade now carried on with Nootka Sound, in which woollens, cottons, tea, coffee, sugar, and a few other articles of consumption were exported in 1800 to the value of 37,497*l.*; but the sea-otter furs, the only commodity obtained from the country, were all carried across the Pacific to China.

BRITISH WEST INDIES:—Imports had increased from 4,541,217*l.* to 5,805,787*l.*; exports had diminished from 3,954,816*l.* to 3,416,966*l.* The imports were sugar, rum, coffee, chocolate, ginger, pimento, cotton, indigo, dyeing woods, mahogany, cedar, ebony, castor-oil, turmeric and some other drugs, tamarinds, &c., and also some hides, tobacco, and other articles obtained from wrecks and prizes. The exports consisted of all the ordinary descriptions of manufactured goods, and of colonial and foreign produce.

FOREIGN WEST INDIES (including Demerara, Surinam, and the islands conquered from the French, Spanish, and Dutch):—Imports had increased from 356,481*l.* to 3,034,491*l.*; exports, from 107,328*l.* to 1,081,612*l.* The articles, both of import and export, were nearly the same as in the trade with the British islands; no merchandize, however, being sent out from England to Cayenne, Cuba, St. Croix, St. Domingo, or St. Martin. Some hides, unwrought copper, and vultures' feathers, were imported from Buenos Ayres, to which also there were no exports; and this small trade is probably included under the head of Foreign West Indies in the official account. From Honduras there were brought mahogany and other woods in 1800 to the value of 16,777*l.*; and there were exported thither rum, Irish beef, pork, and linens, with other provisions and necessaries, to that of 2301*l.* From Florida, also, were imported indigo, cotton, train and spermaceti oils, skins, &c., to the value of 10,116*l.*; the exports, to the value of 28,946*l.*, consisting chiefly of low-priced woollens, linens, and cottons, &c., partly British, partly Irish and German. "Ever since the peace of 1783," says Macpherson, in a note, "a few houses in London have carried on a trade with Florida, by sending British vessels under licences obtained from the British

and Spanish governments; and the war has not interrupted the trade. The cotton of that country is of the quality of the Upland cotton of Georgia, but much inferior to the Sea-island cotton of that state.* This was written in 1805.

UNITED STATES OF AMERICA :—Imports had increased from 2,080,970*l.* to 2,358,216*l.*; exports, from 6,054,238*l.* to 6,885,500*l.* The imports consisted of pearl-ashes, pot-ashes, flour, wheat, Indian corn and rye-meal, sassafras, shumack, ginseng, snake-root, sarsaparilla, spermaceti-oil, whalebone, turpentine and turpentine-oil, tar, pitch, and rosin, oak, fir, and other timber, staves and other lumber, hides and peltry, cochineal, indigo, fustic, logwood, redwood, lignum vitæ, mahogany, bark, sugar, coffee, cotton, rice, and tobacco: the exports, of books and stationery, wrought brass, copper, iron, and silver, pewter, lead, steel, tin, tinned plates, coals, salt, earthenware, bottles, and glass; woollen, cotton, and silk manufactures; beaver, felt, and chip hats; thread, haberdashery; English, Scotch, and Irish linens; sailcloth, apothecaries' ware, wearing-apparel, copperas, painters' colours, guns, gunpowder, flints, watches, musical instruments, beer, grindstones, with drugs, dye-stuffs, cinnamon and other spices, India piece-goods, Russia and German linens, geneva, French, and other wines, and a few articles of grocery.

FRANCE :—Imports had increased from 14,655*l.* to 110,415*l.*; exports, from 7975*l.* to 1,325,419*l.* The imports in 1800 are stated to have consisted of books, maps, pictures, &c., mill-stones, verdigris, cochineal, valonia, 234 weys of salt for Scotland, seeds, brandy, starch, tallow, rye-meal, some wheat, barley, and other grains, 150 cwt. of bread, beef, pork, bacon, butter, and tanned ox, cow, and calf hides: the exports, of a small quantity of printed cotton and linen goods, sugar, coffee, cacao, tobacco, India piece-goods, cinnamon, cloves, pepper, pimento, ginger and other spices, cassia, lignea, rhubarb and other drugs, indigo, logwood, and other dye-stuffs.

FLANDERS :—Imports had increased from 7067*l.* to 34,656*l.*; exports, from 65,054*l.* to 808,826*l.* The im-

* *Annals of Commerce*, iv. 545.

ports consisted of tanned hides, seeds, and 371 tons of rags; the exports of refined sugar, some copperas, and numerous kinds of colonial and foreign produce, but in very small quantities.

HOLLAND:—Imports had increased from 309,933*l.* to 972,599*l.*; exports, from 516,267*l.* to 3,208,613*l.* The imports were books, maps, drawings, paintings, prints, corn, oak-bark, juniper-berries, flax, hemp, madder, flower-roots and trees to the value of 1074*l.*, seeds, geneva, butter, cheese, bacon, potatoes, a few linens, and 61,000 tons of rags: the exports some cotton and woollen goods, train-oil, and a great variety of articles of foreign and colonial produce.

PORTUGAL AND MADEIRA:—Imports had increased from 677,772*l.* to 927,257*l.*; exports, from 876,000*l.* to 1,199,023*l.* The imports were from Madeira 494 tons of wine (besides much more brought home by circuitous routes), and from Portugal, 19,328 tons of Port wine, Madeira, French, and Spanish wines, 1,663,582 lbs. of Spanish wool, some cotton, 6000 dozen of goat-skins, other skins, Indian and other hides, almonds, figs, raisins, and other fruits, 33,518,701 lemons and oranges, annatto, orchil, argol, cochineal, Brazil-wood, indigo, madder, and other dye-stuffs, balsam capivi, ipecacuanha, gum arabic, gum Senegal, and other gums and drugs, brimstone, cork, and some wheat and flour, which Macpherson describes as “very unusual exports from Portugal.” Our exports to Portugal and Madeira comprised the usual articles of domestic, colonial, and foreign manufactures and produce, among which are mentioned 1021 cannon, 4413*l.* worth of Irish linens, and 1584 quarters of wheat, as well as various other commodities, such as cottons, drugs, dye-stuffs, spices, &c., also enumerated among the imports.

TURKEY:—Imports had increased from 150,182*l.* to 199,773*l.*; exports, from 155,510*l.* to 166,804*l.* The imports were cotton and cotton yarn, raw silk, goats’ hair, mohair, goat-skins, carpets, copper, coculus Indicus, tragacanth, opium, senna, and other drugs, berries, galls, madder, valonia, and other dye-stuffs, box-wood, currants, figs, raisins, and other fruits; the exports, lead, tin, iron, 170 cannon, and other wrought-iron goods, watches, some

cottons and woollens, India piece-goods, sugar, coffee, indigo, and other colonial produce.

RUSSIA:—Imports had increased from 2,110,083*l.* to 2,382,098*l.*; exports, from 766,896*l.* to 1,025,334*l.* The imports were 410,260 tons of tallow, pearl-ashes, pot-ashes, and weed-ashes, bristles, cordage, flax, and hemp, bar-iron, cast iron, 24 tons of wrought iron, linens, diapers, drilling and sheeting, pitch and tar, bread, bacon, beef, and tongues, lint-seed, bees'-wax, isinglass, rhubarb, and some other drugs, skins of hares, seals, and calves, timber, boards, and staves, 28 tons of rags, and some corn: the exports, alum, coals, slates, salt, sal-ammoniac, spelter, tin, watches, musical instruments, horses, herrings, woollen, cotton, and silk goods of all kinds, India calicoes and muslins, and other common articles of consumption.

GERMANY:—Imports had increased from 2,082,275*l.* to 2,352,197*l.*; exports, from 8,173,989*l.* to 12,664,591*l.* Our trade with Germany was therefore at once the greatest and the most rapidly growing branch of our foreign commerce. Our imports from this country in 1800 consisted of linen-yarn to the amount of 3,000,000 lbs., cotton, silk, wool, flax, hemp, linens, cambries, canvas, lawns, hollands, tabling, &c., goat, ox, and horse hair, 2378 lbs. of human hair, hides, chip and straw hats, 3002 tons of rags, some paper, goose-quills, timber, boards, &c., oak-bark, brimstone, books, maps, prints, pictures, 3195 wooden clocks, cork, bees'-wax, calf, bear, coney, goat, sheep, and seal-skins, oil of turpentine, verdigris, copperas, succus liquoritiæ, gums, arsenic, antimony, and other drugs, hops, juniper-berries, seeds, wheat, barley, oats, peas, beans, rye, rye-meal, wheat-flour, butter, cheese, beef, pork, tongues, potatoes, brandy, geneva, and other spirits, Rhenish, Tokay, French, and Spanish wines. Our exports thither were equally numerous and various, comprising, of our domestic produce and manufactures, cotton goods to a large amount, cotton-yarn to the value of 365,945*l.*, woollens, silks, lead, pewter, tin, tinned plates (which half a century before, we used to import from Germany), wrought brass, copper, and iron, silver plate and plated ware, coals, earthenware,

glass, cabinet-ware, coaches, horses, watches, musical instruments, books and stationery, wearing apparel, tanned leather, wrought leather, gloves, haberdashery, hats, bark, train-oil, whalebone, painters' colours, copperas, oil of vitriol, sal-ammoniac, and other drugs, refined sugar, molasses, herrings, red and white, cod, oysters and the following articles of colonial and foreign merchandize :— mother-of-pearl, walking-canes, aloes, rhubarb, borax, camphor, cassia lignea, castoreum, jalap, and other drugs, gum Senegal and other gums, cochineal, indigo, annotto, Brazil wood, fustic, logwood, madder, and other dye-stuffs, mahogany, and other West India woods, ivory, cinnamon, cloves, pepper, ginger, and other spices, cacao, coffee, sugar, tea, sago, currants, turmeric, Indian hides, ox and cow hides, skins of deer, otter, bear, fox, mink, wolf, &c., horns, lint-seed oil and other oils, rum, brandy, arrack, French, Spanish, and other wines, tobacco, whalebone, cotton, cotton-yarn, India piece-goods, and a few Irish linens. Macpherson observes that much of the commerce of Germany was “for account of the nations involved in the war.”

PRUSSIA AND POLAND :—Imports had increased from 1,304,386*l.* to 1,733,945*l.*; exports, from 596,379*l.* to 842,353*l.* The imports consisted of pearl-ashes, weed-ashes, spruce-beer (1054 barrels from Prussia, 1093 barrels from Poland), wheat, barley, oats, peas, beans, rye, flax, hemp, linen, timber, boards, staves, &c., madder, bristles, mill-stones, wool, hides, goose-quills, cheese, lint-seed, and some skins; the exports, of iron, lead, tin, earthenware, woollens, cottons, and other ordinary articles of consumption.

DENMARK AND NORWAY :—Imports had fallen off from 243,928*l.* to 241,561*l.*, if so insignificant a difference can be so described; exports had increased from 509,783*l.* to 540,697*l.* The imports in 1800 were oak-bark, cordage, hides of horses and oxen, bar-iron, kelp, rock-moss, furs and peltry, tar, timber and boards, 34,666 lbs. of cotton, 10,000 lbs. of indigo, some salted beef, pork, and butter, and, in this year of scarcity, the unusual article of corn. The exports included lead, tin,

coals, glass, salt, cottons and woollens of all kinds, hats, Scotch linens, sugar, coffee, tobacco, and the other usual commodities.

CANARIES:—Imports, consisting in 1800 of barilla, copper, some drugs and gums, orchilla, 47 tons of Canary wine, and 553 tons of Spanish wine, were estimated at 48,536*l.*, whereas in 1796 the value put upon our imports from the Canary islands was only 15,751*l.*; which made the entire trade still greater in 1800 than in 1796, although in 1796 our exports thither were valued at 16,724*l.*, and in 1800 there were none.

The only parts of the world our trade with which, upon the whole, appears to have declined in the interval between these two years, were the following:—

SPAIN:—Imports had fallen from 809,880*l.* to 655,652*l.*; exports had fallen from 546,125*l.* to 3382*l.* Our imports from Spain in 1800 consisted of barilla, cork, black lead, succus liquoritiæ, mahogany, shumack, 5,995,624 lbs. of Spanish wool, 10,517,750 lemons and oranges, figs, currants, chestnuts, hazel-nuts, walnuts, almonds, anise-seed, oil, brandy, beans, and some wheat; our direct exports thither were only some cinnamon and cacao.

ITALY (exclusive of Venice):—Imports had increased from 299,796*l.* to 357,736*l.*; but exports had fallen from 747,969*l.* to 568,731*l.* The imports in 1800 were, books, drawings, &c.; barilla, brimstone, cork, cream of tartar, essence of lemons, manna, senna, and other drugs, juniper-berries, perfumed oil, argol, galls, madder, and other dye-stuffs, anchovies, almonds, figs, prunes, nuts, currants, raisins, &c., ordinary and salad oil, chip and straw hats, bugles (or glass beads), raw, thrown, and waste silk, lambs', goats', and kids' skins, 695 tons of rags, 439 cwt. of cheese, brandy, statuary to the value of 1368*l.*, marble, and cotton. The exports consisted of alum (a commodity with which in the middle ages Genoa used to supply all Europe), wrought brass, iron, and silver, plated ware, woollens of all sorts, cottons to a considerable amount, a few linens, earthenware, glass, hardware, tinned plates, dry cod, red and white herrings, 32,881 hogsheds of

pilehards, tanned and wrought leather, dye-stuffs, spice-ries, cacao, coffee, sugar, foreign iron, India piece-goods, rum, tar, tobacco, whalebone, and foreign ox-gut. "What," exclaims Macpherson, "would the merchants of Italy in the middle ages have said to any person who would have ventured to predict that a country which they knew good for nothing but feeding sheep and cattle, and furnishing wool, hides, lead, and tin, should ever supply them with Oriental produce and manufactures, and many other comforts and luxuries of life!"

VENICE:—Imports had fallen off from 75,257*l.* to 54,028*l.*; exports, from 25,882*l.* to 17,798*l.* The imports and exports in the trade with Venice were of the same description as in that with the rest of Italy.

SWEDEN:—Imports had declined from 347,336*l.* to 309,279*l.*; exports, from 121,512*l.* to 78,839*l.* The imports in 1800 consisted of some corn and bread, 313 barrels of herrings, flax, bar, and cast iron, a very small quantity of wrought iron, rock-moss, pitch and tar, timber, boards, staves, &c.: the exports, of coals, lead, tin, painters' colours, cotton and woollen goods, sugar, coffee, tobacco, spices, drugs, dye-stuffs, East India calicoes, rum, and other spirits.

This account sufficiently demonstrates that the war, so far from destroying or diminishing our foreign trade, did not even check its expansion, nay, did not prevent it from enlarging and extending itself faster perhaps than it had ever done in a time of the profoundest tranquillity. It may be doubted if our trade would have been so great as it was in the year 1800 had the country been at peace for the whole of the preceding seventeen years, instead of having been engaged for nearly the latter half of that time in the most general and most costly war it had ever waged. In truth, after the recovery of our commercial system from the momentary shock occasioned by the commencement of hostilities with France, the new state of things proved, upon the whole, highly favourable to the extension of our trade. Difficulties were interposed in the way of our direct intercourse with some parts of the continent; but even to most of these interdicted quarters our

manufactures still found their way in large quantities by circuitous routes, and we soon made ourselves so completely masters of the great highway of nations, the ocean, that our ships traversed it in all directions almost as freely as they had ever done in time of peace, while the flags of our rivals scarcely dared anywhere to show themselves, and our acquisitions of territory, besides, in the West Indies and elsewhere, opened to us several new and important markets. But the extension of our trade was, of course, also the extension of our manufactures, by which it was in great part fed and sustained. And herein, also, other countries, which experienced its actual ravages, were rendered by the war more dependent than ever upon this country, the only considerable seat of industry in Europe which it left unviolated and undisturbed.

The figures given in the above review of the progress of our trade with the different parts of the world are, as has been explained, the official values of the commodities imported and exported, or the values calculated according to the same unvarying rate or price of a certain quantity of each. The sums so obtained serve very well to indicate the comparative quantities of goods sent out of the country and brought into it at different times; but this method of calculation disregards altogether both differences of quality and fluctuations of price in whatever way arising, and it gives no view of the real value of the exports and imports in any particular year. Since 1798, however, it has been attempted in the official accounts to estimate this real value also. For that year we have only such an estimate of the value of the British merchandize exported; which is set down as having been actually worth 33,148,682*l.* instead of 19,672,503*l.*, as it stands registered according to the standard rates. In 1799 the real marketable value of the imports was, according to the report of the inspector-general, 49,002,170*l.*; of the exports of all kinds 50,290,190*l.* And in 1800 the real value of the imports is stated to have been 55,400,416*l.*; of the exports 55,830,843*l.* In all these years, too, the excess of the real over the official value was rendered less than it ought to have been by what the report of the

inspector-general calls "an old established error in rating coffee for exportation very much above its real value"—so much in fact as to make the official higher than the real value of the whole foreign merchandize exported. This may serve to explain a statement with regard to the exports of coffee noticed in a preceding page.

The total amount of the mercantile marine of the empire in 1800 is stated to have been 17,885 vessels of all sizes, measuring 1,855,879 tons, and navigated by 138,721 hands. Of these vessels 12,198 belonged to England, 2155 to Scotland, 1003 to Ireland, 2161 to the colonies, 130 to Guernsey and the other Channel Islands, and 238 to the Isle of Man. There entered inwards in this year 10,496 British vessels, measuring 1,379,807 tons, and 5512 foreign vessels, measuring 763,236 tons; and there cleared outwards 11,856 British vessels, measuring 1,444,271 tons, and 4893 foreign vessels, measuring 685,051 tons.* There were built and registered in the several ports of the British dominions in the course of this year 965 vessels, measuring in all 126,268 tons.

In 1801, the last year of the war and of the period under review, the 'Chronological Table' in Chalmers makes the total official value of the exports to be only 37,786,857*l.*; but the amounts given in this table for the two preceding years are greatly lower than those we have quoted above from the statements of the inspector-general (33,640,357*l.* instead of 35,991,329*l.* in 1799, and 33,120,120*l.* instead of 43,152,019*l.* in 1800); so that Chalmers has evidently applied some principle of reduction to these statements, at least as quoted by Macpherson. As both accounts agree in the values assigned to the exports from Scotland, it may be conjectured that the acknowledged error in the rating of exported coffee, which we have just noticed, is corrected or allowed for by Chalmers. The official value of the imports for 1801 would, according to this table, be 32,795,557*l.*; but this sum is deduced by subtracting what he calls the favourable balance of trade from the exports, so that it involves

* Macpherson, *Annals of Commerce*, iv. 535.

the same discrepancy that has been already explained. Other accounts differ from both Macpherson and Chalmers. Thus, in a table given in the article 'Great Britain,' in the 'Penny Cyclopædia' (vol. xi. p. 417), the total official value of the imports for 1801 is stated as 31,786,262*l.*; that of the exports as 35,264,650*l.* Mr. Macculloch, again, in a table in his 'Dictionary of Commerce' (second edition, p. 672), makes the official value of the imports for this year to have been only 28,257,781*l.*, and that of the exports 34,381,617*l.* The declared or real value of British and Irish produce and manufactures exported from Great Britain in 1801 is set down in the Cyclopædia at 39,730,659*l.*; by Mr. Macculloch at 36,929,007*l.* This may serve as a sample of the utter confusion in which the whole matter remains.*

The number of bankruptcies in each year, from 1794 to the end of the present period, seems to corroborate other facts in indicating a steady increase of trade throughout that space. The number was 812 in 1794, 718 in 1795, 747 in 1796, 869 in 1797, 729 in 1798, 599 in 1799, 740 in 1800, 893 in 1801.† Here we see the tendency to augmentation on the whole, but no instance of anything resembling the sudden expansion by which the number of bankruptcies, which was 628 in 1792, rose to be 1304 in the disastrous year following. The reduction of the number in 1798, and the two following years,

* As the table in Mr. Macculloch's Dictionary (also repeated in his Statistical Account of the British Empire, first edition, ii. 156) is stated to be founded upon official documents (namely, Parl. Paper, No. 243, sess. 1830, and Finance Accounts), we may add here the sums it gives for the years 1800 and 1799 (with which it commences), for comparison with those quoted in the text from Macpherson and Chalmers:—1799, official value of imports 25,122,203*l.*; of exports 27,317,087*l.*: 1800, official value of imports 24,066,700*l.*; of exports 29,556,637*l.* The declared or real value is only given for the exports of British and Irish produce and manufactures. The table in the 'Penny Cyclopædia,' for which no authorities are referred to, goes back only to the year 1801.

† Chalmers's Historical View, p. 240.

may be taken as sufficient evidence that even the licence accorded to the Bank to issue inconvertible paper gave at first no undue or dangerous impulse to speculation : if it had, the diminution of bankruptcies during these three years would, at least, have been succeeded by a much more than proportionate increase afterwards, which was not the case. The number in 1802 was only 853, and in 1803 no more than 906 ; a rate of increase not greater than might be looked for as the natural effect of the growth and enlargement of our trade. On the whole, therefore, any variation traceable in the number of the bankruptcies, during the ten years that followed 1793, probably represents this steady commercial progress much more than the operation of any other influencing cause—whether unsound or excessive speculation on the one hand, or the occasional occurrence of seasons of difficulty and depression, financial or general, on the other.

The progress of the post-office revenue has been stated in a preceding page up to the year 1792 inclusive. In 1793 the gross revenue was 652,868*l.* ; the nett produce 397,086*l.* In 1795 the gross revenue was 745,238*l.* ; the nett produce 414,548*l.* This year further restraints and limitations were placed upon franking, by the act 35 Geo. III. c. 53, and in 1796 the gross revenue rose to 811,539*l.* ; the nett produce to 479,487*l.* Then an augmentation of the rates of postage was made by the act of 37 Geo. III. c. 18. Still the revenue went on steadily increasing ; its gross amount in 1800 being 1,083,950*l.*, its nett produce 720,981*l.* ; and in 1801 its gross amount being 1,144,900*l.*, its nett produce 755,299*l.*, or not much less than four times what it was before the introduction of Mr. Palmer's improvements in 1784.*

Before the commencement of the present period the quantity of Bank of England paper in circulation at any one time, including both notes and post-bills, was usually under 7,000,000*l.* In 1786 it rose for the first time to above 8,000,000*l.* ; and, according to the accounts made up

* Macpherson, *Annals of Commerce*, iv. 548. A table of the nett produce in Chalmers, *Historical View*, p. 281, gives somewhat lower amounts under each year, apparently from including only the English post-office.

to the 31st of August in each year, it continued from this date to be gradually augmented till in 1791 it attained to the amount of 11,672,320*l*. This increase, however, was certainly not more than in proportion to the increase of the commerce of the country. In the first years of the war the circulation of the Bank suffered some contraction; so that by the year 1796 it had fallen to 9,246,790*l*. Then came the exemption from cash payments; under which new state of things the issues of bank paper increased during the remaining years of the present period as follows:—11,114,120*l*. in 1797; 12,180,610*l*. in 1798; 13,389,490*l*. in 1799; 15,047,180*l*. in 1800; 14,556,110*l*. on the 31st of August, 1801. The dividends received by the proprietors of bank stock continued throughout the period to be 7 per cent., as they had been ever since 1788. In the year 1800, by the act 40 Geo. III. c. 28, the charter of the Bank was continued (from 1806) till twelve months' notice after the 1st of August, 1833: the Bank advancing to government the sum of 3,000,000*l*. without interest for six years (a period subsequently prolonged till six months after the conclusion of the new war with France that broke out in 1803).

In 1793 the charter of the East India Company was renewed for twenty years, or till the 1st of March, 1814. The act passed for that purpose (the 33 Geo. III. c. 52), under the notion that the trade and territorial revenues of the company might henceforward be relied upon for the production of a clear annual revenue of at least full 1,200,000*l*., directed that of this surplus 500,000*l*. a-year should be set aside for the reduction of the company's debt in India to 2,000,000*l*.; and that 500,000*l*. more should be annually paid into the exchequer to be appropriated for the public service as parliament should think fit to order. The anticipation of any such surplus revenue, however, proved entirely fallacious; and this contribution to the public expenses was only paid for one year. The act renewing the charter had been preceded the same year by another act (the 33 Geo. III. c. 47) authorizing the company to add another million to their capital; and,

as the new stock was subscribed at 200*l.* per cent., it produced 2,000,000*l.* in money. This made the nominal capital of the company (or that upon which the dividends are paid) 6,000,000*l.*, at which it still continues.*

The act of 1793, which renewed the charter, also made provision for partially opening the trade with India to private individuals. Any British subject residing in any part of the king's European dominions was allowed to export to Bengal, Malabar, Coromandel, or Sumatra, but only in the company's ships, any article of the produce or manufacture of the British dominions in Europe, except military stores, ammunition, masts, spars, cordage, anchors, pitch, tar, and copper; and on the other hand liberty was given to the company's civil servants in India, and to the free merchants living in India under the company's protection, to ship in the company's ships, on their own account and risk, all kinds of India goods, except calicoes, dimities, muslins, and other piece-goods:—those they were not to ship without a licence from the company. It was directed that, for the purposes of this private trade, the company should in every year set apart at least 3000 tons of their shipping; the owners of the goods paying for their freight at the rate of 5*l.* outward, and 15*l.* homeward in time of peace, and at higher rates in time of war, if the company, with the approbation of the Board of Control, should see good to exact such.

† Scarcely any goods were sent out to India by the manufacturers of Great Britain under the act of 1793. “But the merchants residing in India,” says Macpherson, “as

* Mr. Macculloch, in his *Commercial Dictionary*, second edition, art. ‘East India Company,’ p. 533, states that in 1796 leave was given to the company by parliament to add two millions to their capital stock by creating 20,000 new shares; and that, as these shares sold at the rate of 173*l.* each, they produced 3,460,000*l.* An act to the effect mentioned was passed in March, 1797, but it was never taken advantage of by the company. It seems to be confounded in this statement with the act of 1789, under which additional stock to the amount of one million was subscribed for at the rate of 174 per cent.

soon as they understood that a legalized extension of their trade was in the contemplation of the legislature, and without waiting to know the regulations of it, built a considerable number of ships, which they proposed to employ in the trade between India and England, though Lord Cornwallis, then governor-general, and Sir John Shore, his successor, both informed them that there could not be employment for their ships in the way they expected. In the year 1795, when seven of the largest of the company's ships were taken into his majesty's service, and the company at the same time ordered large quantities of rice to be brought from India, in order to afford relief to this country, then distressed by a scarcity of corn, twenty-seven of these India-built ships were taken into the company's service at the rate of 16*l.* per ton for rice and heavy goods, and 20*l.* for fine goods. All of these ships carried goods to London for account of the private merchants settled in India, and also carried British goods to India for them. The owners of the India-built ships now thought that they had reason to believe them regularly established in the trade; but, as the emergency which called them into employment no longer existed, it was impossible to allow them to supersede the ships, built and equipped in a superior manner expressly for the service of the company, which they were under engagements to employ for a stipulated number of voyages."* This gave rise to a long contest between the company and the private merchants, the result of which was, that the company were forced at last to make various concessions beyond the provisions of their charter. The progress of the trade, from 1792 to the close of the present period, will be most distinctly indicated by the following notice of the exports and imports:—Total exports from England in 1793, 1,266,036*l.* (including only 10,290*l.* of bullion); in 1797, 1,739,510*l.* (including 627,858*l.* of bullion); in 1798, 2,634,502*l.* (including 1,217,748*l.* of bullion); in 1801, 2,512,779*l.* (including 435,595*l.* of bullion). Total imports to England in 1793, 5,769,547*l.*

* History of the European Commerce with India, p. 232.

(of which on account of private trade, 882,620*l.*); in 1795, 8,098,495*l.* (of which private trade 1,189,296*l.*, and what is called neutral property 380,230*l.*); in 1797, 6,053,401*l.* (of which private trade 1,204,901*l.*, and neutral property 129,678*l.*); 1798, 10,315,256*l.* (of which private trade 1,629,959*l.*, and neutral property 348,231*l.*); 1801, 9,153,511*l.* (of which private trade 2,305,235*l.*, and neutral property 220,775*l.*)* What is called neutral property in this account would appear to be goods sent home to England in the company's ships, by subjects of the United States, and other friendly powers, to whom a general permission to trade with the territories under the government of the company, under certain regulations, was granted by acts passed in 1797, after it had been practically enjoyed for some preceding years.

* Table in Macpherson, History of Commerce with India, p. 420.

CHAPTER XII.

THE PRESENT CENTURY.

THE brief sketch of our more recent commercial progress to which we must confine ourselves, will be most clearly and conveniently given in the form of a strictly chronological review, which we will begin, for the sake of connection and completeness of statement, with the first year of the century, although some of the facts belonging to that year have already been noticed in the last chapter.

A.D. 1801.—The rise in the prices of provisions, and of European produce generally, which had commenced in 1799 with the unfavourable prospects of the harvest of that year, and had been continued and increased by the still worse harvest of 1800 throughout that and the earlier part of the following year, was at last checked, and made to give place to an opposite state of things, by at least a moderately abundant harvest in 1801. The king's speech at the opening of Parliament, in the end of October, warmly expressed the comfort and gratification the royal mind derived from the relief which the bounty of Providence had in this way afforded to the people; and, "in contemplating the situation of the country," his majesty added, "at this important conjuncture, it is impossible for me to refrain from expressing the deep sense I entertain of the temper and fortitude which have been manifested by all descriptions of my faithful subjects, under the various and complicated difficulties with which they have had to contend." The severe pressure upon subsistence had driven the starving population, in some parts of the country, into acts of rioting and outrage upon property; but their excesses were in no proportion to their protracted privations and sufferings. The greatest elevation of prices had been reached in March 1801; after that a marked change, Mr. Tooke observes, began to take place "in the aspect of things, both as to the influence of the seasons and the state of politics." "The winter," he goes on to explain, "had been less rigorous than the two preceding. The seed-time, both for wheat and spring

corn, had been favourable, and an increased breadth of cultivation was in progress. The spring of 1801 was genial, and the crops were forward and promising. The death of the Emperor Paul of Russia, and the peace with Denmark, which followed the battle of Copenhagen, had reopened the navigation of the Baltic to British shipping, thus removing the obstruction which had been apprehended to supplies from thence; and the bounty, therefore, with the high prices, ensured a large importation of corn. Under these improved prospects of future supply the markets gave way rapidly.* The importations of grain in 1801 amounted to 1,424,766 quarters of wheat, 113,966 quarters of barley, and 583,043 quarters of oats, being the greatest quantity that had ever been imported up to that time; and the effect was to reduce the average price, between the 30th of July and the end of the year, from 129s. 8d. to 75s. 6d. for wheat, from 69s. 7d. to 44s. for barley, and from 37s. 2d. to 23s. 4d. for oats. Finally came the peace with France, the preliminaries of which were signed on the 1st of October; but of this great change in the circumstances of the nation and of the world the effects on trade were principally experienced in the next year. The official value of the imports in 1801 is stated to have been 31,786,262*l.*; of the exports 35,264,650*l.*†

1802.—This, the year of peace, was also one of great commercial activity and prosperity. The harvest this year was again a fair one, and the prices of corn continued to decline, till, at the close of the year, the average price was for wheat 57s. 1d., for barley 25s. 7d., for oats 20s. The official value of the imports in 1802 was 29,826,210*l.*, and that of the exports 38,309,989*l.*

1803.—The immediate renewal of the war with France may be said to have been certain from the commencement of this year. On the 8th of March a message from the king informed parliament that, as very considerable military preparations were carrying on in the ports of France and Holland, his majesty had judged it expedient to adopt additional measures of precaution for the security of his dominions; and this was followed by a declaration of war on the 18th of

* History of Prices, i. 237.

† These are the figures given by Mr. Porter, in his Progress of the Nation, ii. 93, as well as in the article 'Great Britain,' in the Penny Cyclopædia, xi. 417. We shall in like manner take the amounts for future years from Mr. Porter's work.

May. "The first effect of hostilities," says Chalmers, "which were commenced by the people with alacrity, was to reduce the value of the cargoes exported from 41,411,966*l.* in 1802, to 31,438,495*l.* in 1803. The next effect was to introduce into our carrying trade 112,819 tons of foreign shipping. The third effect was to lessen the British shipping which were employed in our carrying trade 173,900 tons; many of which, however, may have been taken into the service of the public when they ceased to be employed by private individuals."* The table in Mr. Porter's work makes the official value of the exports in 1803 to have been only 28,500,174*l.*; and that of the imports 26,622,69*l.* The tonnage of ships built and registered in the United Kingdom, according to another of Mr. Porter's tables, was 122,593 tons in 1801; 137,508 in 1802; 135,692 in 1803;† the entire mercantile marine belonging to the empire in 1803 is stated to have measured 2,167,863 tons, and to have consisted of 20,893 vessels, including 2,825 belonging to the colonies.‡ Chalmers remarks, that in every war Great Britain has employed many foreign ships, which have been immediately discharged on the return of peace. It appears that, whereas, in 1801, the last year of the former war, there were 84.56 tons of foreign shipping employed for every 100 tons British, that proportion was reduced in 1802, the year of the peace, to 36.02 tons, and in 1803, the first year of renewed hostilities, was only increased again to 57.19.§

1804.—The decline of the prices of agricultural produce continued throughout the spring of 1804, the averages in March of that year having been for wheat 49*s.* 6*d.*, for barley 22*s.* 9*d.*, for oats 19*s.* 6*d.* "This fall and low range of prices," Mr. Tooke remarks, "is the more observable, because the cost of production had been considerably increased. The wages of labour had risen considerably in consequence of a recurrence of periods of great dearth; and all the implements of husbandry had experienced a very great advance in price. The rate of interest, too, was much higher, in consequence of the absorption by the government expenditure of a large part of the savings of individuals. Moreover some, although perhaps an inconsiderable proportion, of the progressive taxation attached to agricultural production; and, while the cost in labour, in capital, and taxation, appli

* Historical View, p. 451.

† Id. 171.

‡ Progress of the Nation, ii. 172.

§ Id. p. 168.

cable to native production was thus raised, the cost of a foreign supply, of which we were then supposed to stand habitually in need, was also raised by the increased charges of freight and insurance incidental to the state of war.* From these considerations it is inferred that the real fall of prices was still greater than the apparent one. A cry of agricultural distress now arose: petitions were presented to the House of Commons, for additional protection to native produce: and an act was passed imposing a duty upon foreign wheat of 24s. 3d. per quarter when the price in the home market should be under 63s.; of 2s. 6d. when the home price should be at or above that rate and under 66s.; and of 6d. when it should be above 66s. This measure, however, never became operative. Meanwhile a committee of the House of Commons, to which the petitions of the agriculturists had been referred, had accounted as follows, in their report, for the fluctuations of prices during the bygone twelve or thirteen years:—"The price of corn from 1791 to the harvest of 1803 has been very irregular: but, upon an average, increased in a great degree by the years of scarcity, has in general yielded a fair profit to the grower. The casual high prices, however, have had the effect of stimulating industry, and bringing into cultivation large tracts of waste land, which, combined with the two last productive seasons, and other causes, have occasioned such a depression in the value of grain as, it is feared, will greatly tend to the discouragement of agriculture, unless maintained by the support of parliament." It appears that from 1795 to 1804 inclusive the number of inclosure bills passed by parliament was 782, or on an average 78 a year; of which number 89 were passed in 1801, 122 in 1802, 96 in 1803, and 104 in 1804. The harvest of 1804, however, turned out to be very deficient; it was calculated that, although there was an average produce in Scotland, the deficiency throughout England and Wales (occasioned by blight and mildew) was not less than from a fourth to a third.† The consequence was, that by the end of the year the average prices rose to be for wheat 86s. 2d., for barley 43s. 10d., for oats 26s. 11d. The foreign trade of the country had already begun to recover from the depression produced by the war: the official value of the imports this year being 27,819,552*l.*, that of the exports 32,626,056*l.*

* History of Prices, i. 256.

† Tooke, i. 162.

1805.—The prospect of the harvest this year was for some time so unfavourable that the average price of wheat, after having somewhat declined from the rate of the preceding December, rose in August to the height of 98s. 4d. The crop was well got in, and the deficiency proved less than had been apprehended, so that by the close of the year the price had fallen to about 78s.; but still there was no such abundance as to compensate for the failure of the crops of 1804. Of the scarcity produced by that failure Mr. Tooke observes, that “it was calculated to maintain an elevation of the average price thrown over a series of years, and was the specific occasion of renewed demands by the working classes for advanced wages; claims which were rendered the more effectual by the resource which the increasing employment in the army and navy held out to the workmen who engaged in the numerous strikes of that time.” And he adds that the harvests of the following years, combined with the state of politics, were not of a nature to counteract these effects. Our foreign trade, as indicated by the amount of exports and imports, continued at least to maintain itself at the point to which it had risen in the preceding year; the official value of imports for 1805 is stated to have been 28,561,270*l.*, that of exports 31,020,061*l.* Of the latter sum the British and Irish produce and manufactures amounted to 23,376,941*l.*; but their declared or real value was 38,077,144*l.*; or, according to another statement also given by Mr. Porter, 36,069,147*l.** The value of 13,625,676*l.* is stated to have been sent to foreign Europe, that of 11,011,409*l.* to the United States of America, that of 7,771,418*l.* to the rest of America, that of 2,904,584*l.* to Asia, that of 756,060*l.* to Africa.

1806.—By the spring of this year the average price of wheat had declined to 74s. 5d. But apprehensions began again to be entertained respecting the coming crop, the appearance of which was unpromising; and in March came the proclamation of the Prussian government, under the dictation of France, prohibiting the entrance of British ships into any of its ports or rivers, which threatened to cut off our supplies of corn from the Baltic. Under these influences the price of wheat rose till, in June, it attained to 84s. After the harvest, however, which turned out an average one, prices somewhat declined. On the 21st of November Bu-

* *Progress of the Nation*, ii. 98 and 102

naparte issued from the newly-captured city of Berlin his famous decree declaring the whole of the British Islands in a state of blockade; but this paper blockade (a contradiction and absurdity in terms), whatever mischief it might have been qualified to operate in course of time, could have had no effect upon the foreign trade of this country in the present year. The official value of the imports for 1806 is stated to have been 26,899,658*l.*; but this falling off was more than compensated by the increase of the exports, the official value of which rose to 33,579,434*l.*; the real value of that portion of them which consisted of British and Irish produce and manufactures being, according to the first of the two accounts to which we have already referred, 40,874,983*l.*, according to the other 38,732,730*l.* To the United States there was this year sent of such goods to the value of 12,389,488*l.*, to the rest of America to that of 10,877,968*l.*, and there was also a considerable increase on the exports to Africa; but those to the rest of Europe are stated to have declined to 11,363,635*l.* This falling off, and that in the imports generally, are no doubt to be attributed to the interruption, since the early part of the year, of intercourse with the Prussian dominions.

1807.—Invalid, however, as the Berlin blockade was according to the recognized law of nations, which to constitute a good blockade demands as an essential element the presence of an armed force sufficient to maintain it, it is certain that the attempt to enforce it was for some time actually made by the French emperor, and that in the first three or four months after its promulgation many vessels of neutral powers were seized for infringing it, and brought into the ports of France and condemned. Whether this course would have been long persisted in, in the face of the opposition which it might seem likely to encounter from all neutral powers, may be a question: almost the only neutral power that could have offered it any effectual opposition was the American republic, and that free government had never shown much of a disposition to resist either injuries or insults proceeding from the despot of France and of the European continent; besides, it was afterwards avowed, and urged by the Americans themselves as a sufficient reason for their declining to move in the matter, that they had obtained an assurance from Buonaparte, though not in an official form, that the Berlin decree would not be put in force against their vessels. Upon this condition, or understand-

ing, they were perfectly willing, it would appear, that it should be applied to the interruption of the commerce of all other neutrals; and doubtless this would have been for them a sufficiently convenient and profitable arrangement, not only leaving them to pursue the trade that fairly belonged to them undisturbed, but clearing the seas of all their rivals, and throwing into their hands a monopoly of the carrying trade between Britain and all the other countries of Europe. Possibly, in the circumstances, this might have been a state of things not disadvantageous to England either; in the condition to which the world was reduced, with so many of the old channels of our commerce shut against us, this outlet for our produce and manufactures through the vessels of the United States ought perhaps to have satisfied us, and made us feel as grateful to that power as the Americans themselves seemed to feel to Buonaparte for the permission, or half-permission, he had given them to afford us such an accommodation. The Whig ministry, however, which was then in power, did not think it proper or becoming to acquiesce in silence in the novel and extraordinary pretensions put forth by France; and on the 7th of January in this year 1807, they issued an order in council, directing the seizure of all neutral vessels trading from one hostile port in Europe to another, with property belonging to an enemy. And when this measure was found to have little effect, and to be extensively evaded, while in the latter part of the year new efforts began to be made with considerable success to enforce the Berlin decree, Mr. Perceval, on the 11th and 21st of November, issued further orders in council, by which France and all the countries subject to it were declared to be in a state of blockade, and all vessels were made liable to seizure which should attempt to trade with those parts of the world. Soon after the publication of the Berlin decree Buonaparte by another decree had ordered, after the example of the Directory in 1796, that all neutral vessels should carry attestations, called letters or certificates of origin, from the French consuls of the ports from which they had set out, that no part of their cargo was British, and should be seized if found without such protections: the British government now announced that all vessels of neutrals should be seized on board of which such letters of origin were discovered. No neutral vessels, it was also intimated, would be allowed to trade with France, or any other hostile country, which had not touched first at some British port, and,

after paying custom-dues there, been permitted, according to certain regulations which were set down, to pursue their voyage. These orders, therefore, were an adoption, on the principle of retaliation, of all the principles of the Berlin decree, and even an extension of some of the boldest innovations in that attack upon the rights of neutrals. But the object obviously was to force the neutral powers to resist the hitherto unheard-of, or at least entirely unadmitted, pretensions which had thus been put forth by France. Meanwhile, between the French and the English decrees, in so far as they were enforced, the neutral trade was brought to a standstill, or was annihilated: neutral vessels could not comply with either decree without rendering themselves subject to capture or confiscation under the other. In these circumstances Buonaparte, on the 17th of December, issued another decree from Milan, extending his so-called blockade to the British dominions in all quarters of the world. And on the 22nd of the same month the government of the United States, which had been aware for some weeks of the British orders in council promulgated here in November, laid an embargo on all American vessels in their ports, thus preventing for the present any resort by its subjects for trade to the dominions of either of the two belligerent powers. But these measures could not, of course, have any effect upon the commerce of the present year. The official value of the imports in 1807 is stated to have been 28,734,425*l.*, or nearly the same as in the preceding year; that of the exports, however, had declined to 31,015,526*l.*, and that of the British and Irish produce and manufactures to 23,391,214*l.* The declared value of the British and Irish manufactures was, according to one of the two accounts, 37,245,877*l.*, according to the other 35,412,867*l.* The value of those sent to the United States was very little less than in the preceding year; but that of those sent to the rest of Europe was now only 9,002,237*l.* This falling off was, probably, in great part occasioned by the closing of the passage of the Sound by Denmark after our bombardment of Copenhagen in the autumn, an act which was also followed on the part of Russia by an embargo on British shipping. The harvest in England, though scarcely an average one, was well got in, and by November the price of wheat had declined to 66*s.*

1808.—From the very commencement of this year the price of grain began to recover. “The scantiness of the preceding

crop," says Mr. Tooke, "was beginning to be felt, and, at the same time, the apprehensions which had been entertained of the exclusion of the British flag from trade in the Baltic were realized. Thus we were threatened with an almost total cutting off of a foreign supply, if we should have occasion for it, as it was thought inevitable that we should; it being considered as a settled point that this country did not produce corn enough for its own consumption."* In these circumstances, after a cold spring and a rainy and stormy summer, came a harvest which proved to be still more deficient than that of the preceding year. Accordingly, prices continued to rise after the new crop was got in; the average price of wheat, which by the month of July had reached 81s. 4d., attained to the height of 92s. in November, and vibrated about that point for the rest of the year. The prices also of nearly all other articles which we were accustomed to receive either wholly or in part from foreign countries underwent a great advance. "The close of the year 1807," Mr. Tooke observes, "found us, by the events of the war, excluded from direct commercial intercourse with every country in Europe, Sweden excepted; and there was consequently, besides in many instances a short actual supply, a *prospect* of scarcity of every article of European produce required as raw materials for our manufactures or as naval stores. . . . The prospect of scarcity thus held out naturally excited a spirit of speculation; and in proportion as that prospect became realized was the speculative demand extended."† Thus hemp rose from 58*l.* per ton, which was its price in the summer of 1807, to 118*l.* in the course of 1808. Flax rose from 68*l.* to 142*l.* per ton. Memel timber, which during 1806 and 1807 had varied from 73s. to 170s. per load, now reached 340s.; and deals and other descriptions of wood rose in proportion. Baltic linseed rose from 43s. to 150s. per quarter; Russia tallow from 53s. to 112s. per cwt.‡ In consequence of the occupation of Spain by the French, great speculations were entered into in the wool of that country; and the price rose from 6s. 7*d.* and 6s. 9*d.* to 22s. and 26s. per lb. for the Leonessa, and from 2s. 6*d.* and 5s. to 13s. and 18s. for Seville wools. Silks, in like manner, for a supply of which article our principal dependence was then on Italy, advanced considerably:—Piedmont thrown silk from 30s. and 47s. to 96s. and 112s.;

* History of Prices, i. 268.

† Ibid., i. 274.

‡ Ibid.

and, under the greater demand for other sorts thus created, China raw silk from 19s. and 22s. to 33s. and 45s., and Bengal from 25s. and 33s. to 52s. and 85s. A similar increase took place in the prices of the produce of the territory of the United States, in the embarrassed and threatening state of our relations with that government: the cotton of Georgia rose from 9*d.* and 1*s.* to 2*s.* and 2*s.* 6*d.* per lb., and the tobacco of Virginia from 4*d.* and 8*d.* to 1*s.* 4*d.* and 2*s.** The only article which appears to have become cheaper was butchers' meat, the decline in which was probably connected with the high prices of grain and other agricultural produce, which made feeding unprofitable. Even sugar, coffee, and other articles of colonial produce, which had fallen in price during the enhancement of articles of more immediate necessity, on the principle explained in our last chapter, and had reached an extreme point of depression in 1801, had advanced from that date till 1805, and, although they had been again depressed during 1806 and 1807, had experienced a speculative improvement in price in this year, 1808, which they maintained for some time.† Then, coincidently with the advance of the prices of imported commodities, there was a new field of great extent opened for our exports. "The transfer," says Mr. Tooke, "of the seat of government from Portugal to the Brazils, and the virtual emancipation of the colonies of Spain from the control of the mother-country, opened the trade of a great part of South America in 1808; and, as by the course of the war we possessed the entire dominion of the seas, it was in fact to this country, exclusively of the rest of Europe, that this opening was presented."‡ And then he quotes the following graphic description by Mr. Macculloch of the shipments to South America by our merchants and manufacturers in the first fervour of the excitement and spirit of speculation thus called up: "The exportations consequent on the first opening of the trade to Buenos Ayres, Brazil, and the Caraccas were most extraordinary. Speculation was then carried beyond the boundaries within which even gambling is usually confined, and was pushed to an extent and into channels that could hardly have been deemed practicable. We are informed by Mr. Mawe, an intelligent traveller resident at Rio Janeiro at the period in question, that more Manchester goods were sent out in the course of a few weeks than had

* Tooke, *History of Prices*, i. 275 † *Ibid.* p. 273. ‡ *Ibid.* p. 276.

been consumed in the twenty years preceding; that the quantity of English goods of all sorts poured into the city was so very great, that warehouses could not be provided sufficient to contain them; and that the most valuable merchandize was actually exposed for weeks on the beach to the weather and to every sort of depredation. Elegant services of cut glass and china were offered to persons whose most splendid drinking-vessels consisted of a horn or the shell of a cocoa-nut; tools were sent out having a hammer on the one side and a hatchet on the other, as if the inhabitants had had nothing more to do than to break the first stone that they met with and then cut the gold and diamonds from it; and some speculators actually went so far as to send out *skates* to Rio Janeiro." * At home, also, throughout 1807 and 1808, speculation extended to many articles of general consumption, and numerous joint-stock companies were formed for the construction of canals and bridges (Waterloo-bridge and Vauxhall-bridge were projected, and the subscriptions for them raised, in 1808), and the establishment of fire and life insurance offices, breweries, distilleries, wine and foreign spirit marts, vinegar-manufactories, &c. The entire official value of the imports and exports in 1808 was nearly the same as in the preceding year; that of the imports 26,795,540*l.*, that of the exports 30,387,990*l.* The real or declared value of the British and Irish produce and manufactures exported was also much the same as in 1807; being 37,275,102*l.* according to one account, 35,007,591*l.* according to another. The value, however, exported to the United States was now only 5,241,739*l.*, while that exported to the rest of America had risen to 16,591,871*l.* But of the latter amount, no doubt, much found its way to the States.

1809.—The revolution which took place at Stockholm in March this year, involving the deposition of Gustavus IV., the establishment of a new constitution, and the arrangement of a peace with Russia by the cession of Finland, brought with it our immediate exclusion from the ports of Sweden, the only country in Europe that had remained open to our commerce, with the exception of Spain and Portugal, which were also both overrun and claimed as conquests by France. On the 4th of March also the American government followed up its embargo by an act of congress prohibiting all commercial intercourse on the part of the people of the United

* Principles of Political Economy, 2nd ed. p. 329.

States with either France or England. In April, in consequence of an arrangement entered into by our minister at Washington, Mr. Erskine, the act was suspended in regard to this country by the authority of the president; but on the 10th of August the prohibition was renewed, on the disavowal of Mr. Erskine's negotiations by the British government; and the non-intercourse continued throughout the remainder of the year. Meanwhile at home, under the apprehension that the last crop might prove insufficient to meet the consumption, while there was apparently no possibility of obtaining supplies from abroad, the prices of agricultural produce continued to rise, till in March the average price of wheat reached 95s. As the harvest approached, a decline began to take place, and by July the averages had got down to 86s. 6d.; but heavy rains now set in and continued till the middle of October, in consequence of which the crops suffered greatly; so that prices began to rise again, till in December the average for wheat had reached 102s. 6d. Yet about 400,000 quarters of wheat were obtained from abroad in the latter part of the year. The entire value of the grain imported in this year exceeded 2,700,000*l.* At the same time most other commodities, whether raw materials or manufactured articles, experienced a great fall of price. "The great advance," says Mr. Tooke, "and the enormously high range, of prices in this country in 1808, while on the Continent they were low (by the operation of the same causes as made them high here), induced the merchants on both sides to make great efforts to overcome or elude the obstacles to importation, opposed by our own orders in council, as well as by the continental system. Accordingly, measures were taken, by means of licences from the government of this country, and of simulated papers, which were calculated to lull the vigilance or satisfy the scruples of those foreign governments which were the unwilling tools of the overbearing power of France at that period, for the purpose of importing, on a large scale, the commodities which had experienced so great a rise." * It appears that under these circumstances the imports into this country of cotton rose from 2,353,725 lbs. in 1808 to 6,845,933 lbs. in 1809; of raw silk, from 637,102 lbs. in 1808 to 698,189 lbs. in 1809; of thrown silk, from 139,312 lbs. in 1808 to 501,746 lbs. in 1809; of tallow, from 148,282 cwts. in 1808 to 353,177 cwts. in 1809;

of hemp, from 259,687 cwts. in 1808 to 858,875 cwts. in 1809; of flax, from 257,722 cwts. in 1808 to 533,347 cwts. in 1809; of linseed, from 506,332 bushels in 1808 to 1,119,763 bushels in 1809; of cotton, from 43,605,982 lbs. in 1808 to 92,812,282 lbs. in 1809; of sugar, from 3,753,485 cwts. in 1808 to 4,001,198 cwts. in 1809; of coffee, from 417,642 cwts. in 1808 to 828,683 cwts. in 1810.* The fall of prices thus produced was, in many instances, such, Mr. Tooke states, as "left to the importer, after paying for the enormous charges of importation, nothing whatever for the prime cost."† The total official value of the imports in this year is stated to have risen to 31,759,557*l.*, and that of the exports to 46,292,632*l.* The real value of British and Irish produce and manufactures exported was, according to one account, 47,371,393*l.*, according to another 44,794,452*l.*; of which there was sent to the United States to the amount of 7,258,500*l.*, to the rest of America to that of 18,014,219*l.*, and to other European countries to that of 15,849,449*l.*, instead of 9,016,033*l.*, which was the amount in 1808.

1810.—The damaged and deficient crop of the preceding year was followed, in 1810, by a cold and ungenial spring, and all the appearances of another unfavourable harvest, which continued up to the middle of August, and, notwithstanding large importations (to the extent of 1,500,000 quarters of wheat and 600,000 quarters of other grain and flour, the cost of which exceeded 7,000,000*l.*), raised the average price of wheat by that time to 11*s.* A great change, however, now took place in the weather, and the crops were secured in so good condition, and turned out so much better than had been expected, that by the end of the year the average price of wheat had declined to 9*s.* 7*d.* One consequence was, that many of the corn-dealers, who had speculated on the continuance of the bad weather, were ruined. While most important commodities, too, were continuing to fall in price, "a total stop," says Mr. Tooke, "was put to our exports to the Baltic by the extensive confiscations which had occurred, in the summer of 1810, in the ports of Germany and Prussia. The returns, too, from South America were now coming round; and these left a ruinous loss to the exporters, many of whom had bought the goods on credits maintained by the circulation of accommodation paper. From the close, therefore, of 1809, through 1810, there was

* Tooke, *History of Prices*, i. 301.

† *Id.* p. 308.

a complete exemplification of the circumstances which are conducive to a reduction of private paper, and to a diminution of transactions on credit, viz. stagnation and despondency, as succeeding to a state of speculation and overtrading. And so many circumstances, on so large a scale, combining in the same direction, the fall of prices, the reduction of private paper, and the destruction of credit were greater and more rapid than were ever before, or have since been, known to have occurred within so short a space of time. A general dismay prevailed throughout nearly all branches of trade during the last six months of 1810, and the first few months of the following year, when the depressing causes had produced their greatest effect.* The operation of these causes was not materially counteracted by the re-opening of the trade with the United States, in consequence of an act passed by congress on the 1st of May in this year repealing the non-intercourse law for the present with regard both to this country and France. The first English failures that excited alarm appear to have occurred in July. The commercial report in the 'Monthly Magazine' for August, as quoted by Mr. Tooke, states that the failures of houses of the first respectability, both in London and in the provinces, during the preceding month, had been of unexampled number and importance: a West India broker, who had long been considered the first in his line, had, by speculations in Spanish wool, an article which had fallen fifty per cent., occasioned the stoppage of a London banking-house, which brought down the several country banks connected with it, and from them the ruin spread to merchants, manufacturers, and their dependents: about the same time five Manchester houses in the city stopped payment, with liabilities to the amount of 2,000,000*l.*, under the pressure of the difficulties they had brought upon themselves by speculative exports to South America. "In consequence of these unexpected events," says the report, "public credit is at the present moment as low as ever it has been in the memory of man; the fluctuation of prices in the money-market is unprecedented, and the depression so considerable that omnium is fallen to two and a half per cent. discount. . . . The renewal of our intercourse with the United States of America has, in some sort, benefited the manufacturing interest; but this felicitous effect is almost swallowed up in the vortex of those calamities which it has been our painful

* History of Prices, i. 302.

duty to record." All trade between Great Britain and Holland, it is afterwards mentioned, was at this time completely put a stop to by the rigorous execution of the French emperor's anticommercial decrees. In November the number of bankruptcies in England, which in the same month from 1804 to 1808 had ranged from 60 to 100, and in 1809 had been only 130, rose to 273, "besides stoppages and compositions," says the 'Commercial Report' for December, "equal in number to half the traders in the kingdom." . . . "These failures throughout the kingdom," the report goes on, "have wonderfully affected the manufacture of every description of goods, and a general want of confidence exists between the manufacturer and the export merchant. The speculators at Liverpool have completely overstocked the different markets of South America, where at present English manufactured articles can be purchased at a loss of twenty per cent. to the exporter, with the exception of a few articles on which little or no credit could be obtained here." Throughout the following month of December the ruin continued to spread, and the destruction of credit became still more complete. "Confidence in the commercial world," says the next report, "seems nearly at an end. Discount, unless bills, &c. of a few of the first houses in the city, can only be done through the medium of bill-brokers, at an extra commission, exclusive of the regular interest. In Lancashire the cotton manufacturers appear, by the late gazettes, as well as by private information, to be greatly distressed, and business quite at a stand. In Manchester and other places houses stop not only every day, but every hour. Cotton wool is in no demand at any price, and no export of the manufactured goods, except a few sorts to Rio, &c. The trade of Birmingham, Sheffield, &c. quite at a stand, and no orders for execution there, except a few for our home consumption. At London, Liverpool, and Bristol the king's stores are full of all kinds of colonial produce, as coffee, sugar, rum, &c. for security of their duties, and the proprietors in the greatest possible distress, not being able to force sales of these articles." The entire number of commissions of bankruptcy taken out this year amounted to 2314, of which 26 were against bankers. It appears, too, that the commercial embarrassments and distress of this period were felt in nearly as great severity as in England, not only throughout the continent of Europe, but even in the United States of America. In how far the state of trade in these

several parts of the world indicated only the same generally disordered system, or had been affected by the same causes, and what those causes in their whole extent really were, are questions as to which much difference of opinion was entertained at the time, nor has the investigation the subject has since undergone cleared it of all doubt or obscurity. The pressure on the Continent and in America seems to have followed that felt in this country; and, looking to that fact, and to the position of England as the centre and heart of the commercial system of the world, we seem to be warranted in concluding that the mischief began here, and was hence propagated to other countries. The war, the French decrees and the British orders in council, the American embargo and Non-Intercourse Act, the deficient harvest of 1809, the over-exportations to South America, and the over-importations from the West Indies, may be safely held to have all had a share in producing the result, to whatever extent these various co-operating causes are to be considered as connected among themselves, or as separate and independent in their origin. And there is also another cause which has been assigned as having had a good deal to do in the immediate production of the commercial panic which suddenly broke out in England in the summer of this year, or at least in aggravating and spreading it after it had commenced—we mean, the appointment and subsequent proceedings of the famous Bullion Committee. This select committee was appointed by the House of Commons on the 1st of February, on the motion of Mr. Horner, who became its chairman, “to inquire into the cause of the high price of gold bullion, and to take into consideration the state of the circulating medium, and of the exchange between Great Britain and Foreign parts;” it commenced the hearing of evidence on the 22nd of that month, and continued to examine witnesses till the 25th of May; the report, the work of the chairman, was ordered by the House to be printed on the 8th of June; and, although copies were not in the hands of members till about the middle of August (the number of tables in the appendix having delayed the printing), the substance of its reasoning and recommendations was circulated by the newspapers immediately after it was laid on the table of the House. Its main conclusions were:—That the circulating medium ought to be brought back, with as much speed as was compatible with a wise and necessary caution, to the original principle of cash payments at the option of

the holder of bank paper : that no sufficient remedy for the present, or security for the future, could be pointed out except the repeal of the law which suspended the cash payments of the Bank of England ; that the restriction on cash payments could not safely be removed at an earlier period than two years from the present time, but that early provision ought to be made by parliament for terminating by the end of that period the operation of the several statutes which had imposed and continued that restriction. The alarm which the publication of these propositions occasioned among the bankers, and the merchants who had been accustomed to look to the Bank for discounting their bills, is said in some of the accounts to have first produced the contraction of credit, under the pressure of which so many houses came down. And the Bullion Report may, in point of fact, have given the last shock, or touch, which brought about the catastrophe ; but the causes undoubtedly were far more powerful, and more deeply seated, which had so weakened our commercial system as to make it liable to be thus overthrown by the first puff of air. The total official value of the imports of foreign and colonial merchandize in this year, 1810, rose to 39,301,612*l.* : that of the exports of all kinds was only 43,419,336*l.* ; but the real or declared value of British and Irish produce and manufactures exported was higher than in the last year, having been, according to one of the two accounts, 48,438,680*l.*, according to the other 45,761,121*l.* In regard to the quarters to which these goods were sent, the only material difference was, that the amount sent direct to the United States was, this year, 10,920,752*l.*, and that sent to the rest of America only 15,640,166*l.* This change was a consequence of the restoration of direct intercourse with the United States ; but it did not imply any change in the ultimate destination of the commodities exported, nearly the same proportion of which, doubtless, had found their way to the States, though by a more circuitous route, during the suspension of the intercourse as now.

1811.—The prices of agricultural produce, under the influence of the large importations of the preceding year, continued slowly to decline throughout the first seven months of 1811, till, in July, the average price of wheat had fallen to 87*s.* 2*d.* Meanwhile, on the 2nd of February, an act had been passed by the American Congress, prohibiting all importation into the United States of goods, the manufactures or produce of Great Britain. This new prohibition was in

execution of a threat held out in the late act renewing the commercial intercourse between the two countries, that, if the orders in council should not be revoked by a certain day, some such measure of retaliation should be adopted. In April, parliament, after the example of what had been done in 1793, interfered in aid of the distressed condition of the commercial and manufacturing interests by passing an act granting a sum not to exceed 6,000,000*l.*, to be advanced by commissioners by way of a loan to parties who should be able to give adequate security. Of the sum thus granted not more than 2,000,000*l.* were actually advanced; but that assistance was generally supposed to have contributed materially to the restoration of confidence and prosperity. "In that opinion," says Mr. Tooke, "I did not and do not participate. If the causes of abundance of commodities at home, and our exclusion from foreign ports, had continued, there would have been no ground for a rise of prices; and, if prices had not risen, the parties who borrowed the exchequer bills would have been injured instead of benefited by the facility of holding their goods so much longer; as they would thereby have incurred loss of interest, warehouse rent, and other expenses, and must at last have submitted to the same if not to lower prices than they might originally have obtained."* This may be very true, and yet the temporary assistance offered by parliament may have been salvation to the parties who availed themselves of it, by enabling them to wait for the better prices. Mr. Tooke, however, further argues that there is reason to believe that the measure did not come into operation till circumstances had occurred favourable to a revival of the activity of trade. "Those circumstances," he observes, "were the complete expulsion of the French from Portugal, and the progress of the British army in Spain, which opened nearly the whole Peninsula to a commercial intercourse with this country. The glut of our exports to South America and the West Indies had been carried off by low prices, and a brisk demand had succeeded. The intention of Russia to resist the French was becoming manifest; and an anticipation was confidently entertained of a relaxation of the prohibition against imports into the Russian ports."† In May, this year, the questions raised by the Report of the Bullion Committee were brought before parliament, and set at rest for the present, in so far as

* History of Prices, i. 317.

† Ibid.

that could be done by the pronounced opinion of the House of Commons. The subject was introduced on the 6th, in a committee of the whole House, by Mr. Horner, who concluded a long speech by moving a series of sixteen resolutions embodying the principles of the Report. The first nine, however, were merely historical; the 10th asserted, in substance, that the actual value of Bank of England notes had been for a considerable time, and still was, considerably less than what the law declared to be a legal tender; the 11th, that the fall which had thus taken place in the value of Bank of England and country-bank paper had been occasioned by too abundant issues of paper currency, and that that excess had originated in the suspension of cash payments; the 12th, that the foreign exchanges had, for a considerable time, been unfavourable to this country in an extraordinary degree; the 13th, that this had been in a great measure occasioned by the depreciation of the currency of this country as compared with the money of foreign countries; the 14th, that during the continuance of the suspension it was the duty of the Bank directors to advert to the state of the foreign exchanges, as well as to the price of bullion, in regulating their issues; the 15th, that the only certain and adequate security against an excess of paper currency was the legal convertibility, upon demand, of all paper currency into lawful coin of the realm; the 16th and last, that, in order gradually to revert to this security, it was expedient to alter the time to which the suspension of cash payments was to continue, from six months after the conclusion of a peace, to that of two years from the present time. The debate upon these resolutions was continued by nightly adjournments till the 9th, and then the 10th, the first upon which a division took place, was negatived by 151 votes against 75, and the 16th, the only other upon which the committee divided, by the still larger majority of 180 to 45. This victory gained by the government was followed up on the 13th by Mr. Vansittart, the chancellor of the exchequer, moving, also in a committee of the whole House, a series of seventeen counter-resolutions, of the most material of which the import was as follows:—3. That the notes of the Bank of England “have hitherto been, and are at this time, held to be equivalent to the legal coin of the realm, in all pecuniary transactions to which such coin is legally applicable.” 4. That an unfavourable state of the foreign exchanges had occurred at various periods both before and since the sus-

pension of cash payments, and usually "when expensive naval and military operations have been carried on abroad, and in times of public danger or alarm, or when large importations of grain from foreign parts have taken place."

6. That, of the seventy-five years ending with 1795, there were thirty-four years and five months during which the price of standard gold in bars had been at or under the Mint price, and thirty-nine years and seven months during which it had been above that price; thirty-one years and two months during which the price of foreign gold had been at or under 3*l.* 18*s.* per ounce, and forty-two years and ten months in which it was above that price; and three years and two months only in which the price of standard silver was at or under the Mint price. 7. That the price of bullion had frequently been highest, and the exchanges most unfavourable, at periods when the issue of bank-notes had been considerably diminished, and had been afterwards restored to their ordinary rates, although those issues had been increased. 12. "That, although from the time of the invasion of Holland by the French in 1795 the trade of Great Britain with the Continent was, in part, circumscribed and interrupted, it was carried on freely with several of the most considerable ports, and commercial intercourse was maintained, at all times previous to the summer of 1807." 13. That since November, 1806, and especially since the summer of 1807, all trade and correspondence between Britain and the Continent of Europe had (with some occasional exceptions, chiefly in Sweden and in certain parts of Spain and Portugal) "been hazardous, precarious, and expensive, being loaded with excessive freights to foreign shipping and other unusual charges;" and that the trade with the United States of America had also been uncertain and interrupted; in addition to which the naval and military expenditure of the United Kingdom in foreign parts had, for three years past, been very great, the price of grain very high, and the imports thereof from abroad large.* 15. That the situation of the kingdom, in respect of its political and commercial rela-

* In the debate upon the Report of the Bullion Committee it was stated by Mr. Vansittart that, in the three years from 1808 to 1810 inclusive, the government expenditure abroad had amounted to 32,159,000*l.* and the value of grain imported to 10,119,821*l.* Mr. George Rose stated that in the year 1810 alone not less than 5,500,000*l.* had been paid for foreign freights, from the impracticability of employing British shipping in the trade with the north of Europe.

tions with foreign countries, was sufficient, without any change in the internal value of its currency, to account for the unfavourable state of the foreign exchanges, and for the high price of bullion. 16. "That it is highly important that the restriction on the payments in cash of the Bank of England should be removed whenever the political and commercial relations of the country shall render it compatible with the public interest." And, 17. "That, under the circumstances affecting the political and commercial relations of this kingdom with foreign countries, it would be highly inexpedient and dangerous now to fix a definite period for the removal of the restriction of cash payments at the Bank of England prior to the conclusion of a definitive treaty of peace." After a further debate of two nights, these ministerial resolutions were all adopted by the House on the 15th; and thus whatever terror and additional embarrassment had been produced in the commercial world by the proposal of the bullionists to terminate the suspension of cash payments by the Bank at the end of two years, no matter what might then be the circumstances of the country—a proposal which appeared to imply so frantic a disregard and contempt for everything except abstract principles, that even on the side of the House where it originated there were found only forty-five members bold enough to vote for it,—was effectually dissipated. At the same time, as we have seen, the prospects of our foreign trade were fast brightening. "The expulsion of the French out of Portugal," says the commercial report in the 'Monthly Magazine,' under date of 1st June, "has once more opened a trade with that country, and, in consequence of it, vast quantities of goods of the manufacture of Great Britain are now shipping for Lisbon and Oporto, among which the manufactures of Manchester, &c. will not be the least in quantity. Linens, calicoes, and woollen cloths are in great demand in Portugal." It is added that the increasing briskness of the South American trade was confirmed by every mail from the Brazils. And the next month the same record says, "Since our last report the manufactories have revived in a great degree, chiefly owing to large orders for all kinds of woollen, linen, and cotton goods having arrived here for the markets of Portugal and of South America. The goods of Birmingham and of Sheffield are also in great demand at these markets. Credit and confidence, we are happy to say, revive, and the towns of Manchester, Nottingham, &c. feel vast benefit from the

happy change that has taken place. The West India Islands are now in want of all kinds of British manufactured goods, as the stock in hand in these islands has been purchased up with avidity for the Spanish settlements. Irish linen, sheeting, &c. render a full profit of twenty per cent. more than the usual profit attached to such speculations."* The crop of 1811, however, proved a deficient one, and the prices of agricultural produce began to rise in August, and continued to advance to the end of the year; so that the average price of wheat had, by December, attained to 106s. 8d. And the improvement in trade, Mr. Tooke remarks, succeeding as it did so immediately to a period of great distress, "was not yet marked by such eagerness of speculative shipment as had distinguished 1808 and 1809." It appears that the total official value of our imports in 1811 was only 26,510,186*l.*; that the total official value of our exports was only 28,799,120*l.*; and the real value of British and Irish produce and manufactures exported only 32,890,712*l.* according to one account, or 29,893,549*l.* according to another. Thus our foreign trade had never been so low as it was this year, in either of its branches, since the commencement of the century—the effect of the extravagant shipments of the preceding season. The real value of the exports to the United States was now reduced to only 1,841,253*l.* (all, or nearly all, shipped in the first two months of the year), while that of those to the rest of America also fell to 11,939,680*l.*; that of those to the other countries of Europe having also declined to 12,834,680*l.*

1812.—Agricultural produce, under the notion that the stock in hand was deficient, and the apprehensions excited by a cold and wet summer, continued to advance in price till, in August this year, the average price of wheat reached 152s. 3d. Mr. Tooke states, indeed, that the average price of wheat in that month was 155s., of barley 79s. 10d., and of oats 56s. 2d.; that in Mark-lane the finest Dantzic wheat fetched 180s., and that oats in one or two instances were sold at the enormous price of 84s.;† the corn markets, he observes, had on no occasion since attained the same elevation. The price of butchers' meat also rose to an unusual height. When the harvest came, the deficiency proved less than had

* Quoted by Mr. Tooke, in *History of Prices*, i. 318.

† *History of Prices*, i. 323. The prices here appear to be calculated according to the imperial measure.

been apprehended; but still the crop was scarcely an average one, and prices maintained a high range throughout the rest of the year, the average price of wheat having by December only declined to 121s. A consequence of the high prices which agricultural produce had now maintained for five years, under a succession of crops more or less deficient, and the obstructions in the way of bringing supplies from abroad, must have been to bring large profits to farmers and to give an extraordinary impulse to speculations in the purchase of land. "Independently," says Mr. Tooke, "of the encouragement arising from those profits, continued through so great a length of time, there was now a confidence, which had not before existed, in the prospect of the continuance of them. The average produce of five seasons was supposed to represent what would be the utmost that any five succeeding seasons were likely to yield; and, as there was not, till the close of 1812, any appearance of a relaxation of the Continental system of exclusion directed against the trade of this country, a continued absence of foreign competition was fully anticipated. Under these circumstances, rents, upon the expiration of leases, were advanced in full proportion to the high range of the prices of produce; and, in several instances, they were raised threefold or upwards of what they had been in 1792. Every purchase of land previous to 1811, whether made with or without judgment, turned out favourably according to the then market-rates, and it was supposed, in consequence, that money could in no way be so profitably employed as in buying land. Speculations, therefore, in land, or, as it is termed, land-jobbing, became general, and credit came in aid of capital for that purpose. A striking, but not, I believe, a singular instance of that description of speculation was exhibited in the case of a petition presented to parliament some years after, representing that the petitioner had, in the years 1811 and 1812, laid out 150,000*l.*, partly his own and partly borrowed, in the purchase of land, which had since fallen so much in value that he was ruined by the loss; praying, therefore, to be relieved by what it has been the fashion to term an equitable adjustment of contracts, but which means, in reality, an indemnification for bad speculations."* At the same time, however, with this rise in the price of food, the rate of wages in most departments of industry and of remuneration for

* History of Prices, i. 326.

services of all kinds had been greatly increased. "The wages of agricultural labourers and artizans," as the writer we have just quoted afterwards remarks, "had been doubled, or nearly so. Salaries from the lowest clerks up to the highest functionaries, as well as professional fees, had been considerably raised on the plea of the greatly increased expenses of living; the expense of living having been increased not only by the increased price of necessaries, but by a higher scale of general expenditure or style of living, incidental to the progress of wealth and civilization."* Of the working people in manufactories, however, Mr. Tooke states that considerable numbers had had no advance of wages, or, if they had, the advance had been more than compensated by reduced hours of work. Along, too, with the high prices of agricultural produce there had been experienced, from the summer of the preceding year, a considerable scarcity of many of the principal articles for our supplies of which we were mainly or entirely dependent upon foreign countries; the risks and heavy charges of importation deterring speculators in the face of the low prices which such articles had realized in this country throughout 1810 and in the earlier part of 1811. Thus the imports of wool had declined from 10,936,224 lbs. in 1810 to 4,739,972 lbs. in 1811; of silk, from 1,792,206 lbs. in 1810 to 622,383 lbs. in 1811; of cotton, from 136,488,935 lbs. in 1810 to 91,662,344 lbs. in 1811; of tallow, from 479,440 cwt. in 1810 to 292,530 cwt. in 1811; of hemp, from 955,799 cwt. in 1810 to 458,547 cwt. in 1811; of flax, from 511,970 cwt. in 1810 to 243,899 cwt. in 1811; of linseed, from 1,645,998 bushels in 1810 to 594,016 bushels in 1811. These articles all, accordingly, experienced a considerable rise, although not, Mr. Tooke states, to quite the elevation which they had attained in 1808 and 1809. The stock, he observes, became scanty towards the end of 1811; "and there were grounds," he adds, "at the same time, for apprehending a further scarcity. The preparations by the French for the invasion of Russia gave reason to fear that, however disastrous to the former it might eventually prove, the intermediate consequence would be a cutting off of the supplies of naval stores and of other produce from thence; and, as the French armies spread over Prussia, all shipments from that country became more difficult and hazardous. Our differences with America were then rapidly tending to

* History of Prices, i. 330.

an open rupture, and the produce of that country naturally participated in the causes of advance.* The United States declared war against Britain on the 18th of June, 1812, five days before our orders in council, which had mainly produced the quarrel between the two countries, were revoked by the British government. On the other hand, both Russia and Sweden had early in this year joined in the war against France; a treaty of alliance with that object having been signed between these two powers on the 24th of March, which was followed by treaties of peace between Great Britain and Sweden on the 6th of July, between Russia and Spain on the 20th of the same month, and between Great Britain and Russia on the 1st of August. The total official value of the imports in 1812 was still only 26,163,431*l.*; but that of the exports rose to 39,041,573*l.* Of the real value of British and Irish produce and manufactures exported we have only one account for this year (the one of the two calculated upon the principle which gives the higher amount), and that makes it to have been 41,716,964*l.*

1813.—The fall in the prices of agricultural produce, which had begun after the autumn of 1812, and had gone on to the end of that year, proceeded, though at a slower rate, throughout the spring and summer of the present year; and then came a very abundant harvest, after which the movement was continued in the same direction with great rapidity. The average price of wheat, which had been 121*s.* in December, 1812, was 112*s.* 6*d.* in August, 1813, and sunk by December to 74*s.* 11*d.*, being lower than it had been in any month since May, 1808. At the same time, “the fall in the prices of commodities imported from the Continent of Europe,” says Mr. Tooke, “was taking place in proportion as the opening of the ports from whence they were shipped diminished some of the expenses of importation; but the decline of prices was at first slow, because the continued hostility of Denmark and the war with the United States of America kept freights and insurances at a high rate.” Prussia had risen and liberated herself in the beginning of this year, after the rout and destruction of the French army in Russia; on the 1st of March a new coalition of those two powers against France was arranged at Kalisch; and on the 1st of the following month France declared war against Prussia. Soon after Austria joined the

* History of Prices, i. 340.

confederation; an alliance between that power and Prussia and Russia being ratified at Toplitz on the 9th of September, and a preliminary treaty with Great Britain being signed at the same place on the 3rd of October. The victories of Wellington had also, before the end of this year, driven the French out of the Spanish Peninsula; while the battle of Leipzig, fought on the 18th of October, had set free all Germany, and the Dutch had also expelled their foreign masters and re-established their ancient government. But, while these great changes brought down the prices of all articles imported from the Continent, they at the same time raised the prices of all our articles of export, and especially of colonial and transatlantic produce. "The lowest point of depression of West India produce," says Mr. Tooke, "and of other commodities, including manufactures, calculated for the markets of the Continent of Europe and the United States, occurred at the close of 1811 and in the early part of 1812. All these articles experienced a moderate degree of improvement towards the close of 1812, with the exception of such descriptions as were exclusively or chiefly calculated for export to the United States, and these, of course, were much depressed by the war which then broke out. By the retreat of the French from Moscow, not only the ports of Russia were secured from the danger of being again shut against us, but daily tidings were received of other ports in the north of Europe being opened to a trade with this country; and sanguine expectations were beginning to be entertained that the ports of France itself would, at no remote period, be open to us."* This state of things gave rise to a speculative demand for many articles, and especially for the various descriptions of colonial produce, which prevailed to the close of this year, and was continued through the early part of the next, till the over-trading brought its natural consequences. We have no account of the total amount of imports and exports for 1813, the records having perished in the fire at the Custom-house.

1814.—The prices of agricultural produce continued low throughout this year. An unusually severe winter had been followed by a cold and ungenial spring, which excited fears for the harvest: and the crops did prove to be both very inferior to those of the preceding year in quantity, and to be considerably damaged by blight and mildew; but the large

* History of Prices, i. 345.

surplus from the last harvest, aided by an importation of foreign corn, amounting to 800,000 quarters of wheat, and about as much oats, together with the increased breadth of cultivation, kept down the markets, and the average price of wheat, which was 68s. 4d. in July, although it rose to 78s. 6d. in September, had declined again by December to 70s. 4d. The price of butchers' meat, however, had continued to rise, and was higher throughout 1814 than it had ever been before, except for a few months in 1800. The speculation in exportable commodities also reached its height in the spring of this year, and the prices of all such commodities rose, some to an unexampled height. Thus, comparing 1811 and the early part of 1812 with 1813 and the first months of 1814, it appears that Jamaica coffee had advanced in the interval between these two periods from 54s. and 73s. per cwt. to 118s. and 142s.; St. Domingo coffee, from 36s. and 42s. to 116s. and 126s.; sugar (general average), from 34s. 11d. to 97s. 2d.; white Havannah sugar, from 30s. and 46s. to 116s. and 134s.; bowed Georgia cotton, from 7d. and 9d. per lb. to 2s. 4d. and 2s. 6d.; cochineal, from 29s. and 31s. to 47s. and 52s.; indigo, from 8s. and 9s. 6d. to 12s. and 16s.; black pepper, from 7d. and 7½d. to 20d. and 21d.; Virginia tobacco, from 2d. and 7d. to 1s. 10d. and 5s. 6d.; logwood, from 10l. or 11l. to 22l. or 23l. A great advance in like manner took place in various native productions in demand abroad, such as alum, lead, and tin, and also in many descriptions of manufactures, which had at last the effect of considerably elevating wages in that department of industry. But after a time the inevitable reverse came. It is thus described, and its progress traced, by Mr. Tooke:—"The shippers found to their cost, when it was too late, that the effective demand on the Continent for colonial produce and British manufactures had been greatly overrated; for, whatever might be the desire of the foreign consumers to possess articles so long out of their reach, they were limited in their means of purchase; and, accordingly, the bulk of the commodities exported brought very inadequate returns. The low prices, which alone the consumers abroad were able to pay, were still farther reduced in value by the advance of exchanges, which was accelerated by the very extent of those shipments." The loss upon many of the shipments to the Continent, Mr. Tooke states, was, as he has reason to believe, not less than 50 per cent. "In some few instances," he adds, "by rare good fortune, there might be a gain, but in as

many there was a total loss. Cases of more aggravated loss occurred where the shippers, unwilling to incur so heavy a sacrifice as would be entailed by remittances, at an exchange becoming daily more unfavourable for them, were induced to receive returns in goods, which, from this and other causes, coming in excessive quantities, could not be sold here within 30, 40, and sometimes 50 per cent. of the cost; a process by which, including loss of interest, it may easily be conceived that the whole value of the original investment might be nearly absorbed.* The consequence was, that many bankruptcies took place towards the close of the year; and the number continued to increase, from the same cause, throughout the next year, and during part of 1816. Many of the traders who were thus ruined were persons who, carried away by the mania of the time, had gone out of their proper line of business to speculate in exports. "Many retail tradesmen, who failed in 1814 and 1815," Mr. Tooke elsewhere observes, "were, upon a disclosure of their accounts, found to have been concerned in shipments of sugar and coffee to the Continent. The contagion spread to the outports (of these Leith and Hull were most prominent); and it was said that a large proportion of the shopkeepers residing in them who failed at that time owed their ruin to having been tempted into speculations of the kind which I have described."† The great events of the early part of this year, the overthrow of Bonaparte and the peace of Paris, completed what remained to be done to open all the Continent of Europe to our commerce; but it was not till the 24th of December that peace was concluded with the United States. The total official value of our imports rose this year to 33,755,264*l.*; that of our exports to 53,573,234*l.* (of which amount 19,365,981*l.* consisted of foreign and colonial merchandize, instead of 9,533,065*l.* in 1812, and 6,117,720*l.* in 1811). The two accounts of the real or declared value of British and Irish produce and manufactures exported now agree, and make the amount this year to have been 45,494,119*l.*; of which only 8,129*l.* is set down as the value of the exports to the United States; that of those to the British North American possessions and the West Indies being 11,429,452*l.* (besides 2,683,151*l.* to South America, and 1,791,167*l.* to the foreign West India Islands), and that of those to the other countries of Europe being 26,869,591*l.*

* History of Prices, ii. 8.

† Id. i. 346.

(divided into 14,113,775*l.* to Northern, and 12,755,816*l.* to Southern Europe).

1815.—The renewal of the war on the return of Bonaparte from Elba, and the enactment of the new corn-law, are regarded by Mr. Tooke as having been two causes which prevented the prices of agricultural produce from falling so much as they would have done in the first six months of this year under the depressing influences of a forward spring and a promising appearance of the crops; but a slight rally which was thus produced gave way after the harvest, which proved to be both abundant and early, and was, in general, well got in. The average price of wheat, which had fallen to 62*s.* 1*d.* in January, and was 70*s.* 4*d.* in May, declined from that point throughout the remainder of the year, till it was only 55*s.* 7*d.* in December, being lower than it had ever been since July, 1804. The original policy of our legislation on the subject of corn, appears, as we have seen, to have been prohibitory of exportation, whatever might be the state of the markets. It was not till about the end of the fourteenth century (in 1394) that exportation was first permitted without an express licence from the crown. In 1463 importation was, for the first time, forbidden, whenever prices should fall below a certain point. In 1670 it was enacted, that so long as the price of the quarter of wheat should be under 53*s.* 4*d.* there should be full liberty of exportation, and no right of importation. In 1689, immediately after the Revolution, a further encouragement was given to exportation by the introduction of the new principle of allowing a bounty upon every quarter of grain exported so long as prices at home were under a certain amount; and, ten years after, the export of corn was entirely relieved from custom-house duty.* There were afterwards several temporary suspensions, in dear years, of the restrictions on importation; but the law continued unaltered till 1773, when, by a new act (the 13 Geo. III., c. 43), the price at which wheat was allowed to be imported on the payment of only a nominal duty of 6*d.* was lowered from 80*s.* to 48*s.*, and the bounty on exportation, hitherto payable so long as the home price did not exceed 48*s.*, was withdrawn as soon as the price should rise to 44*s.*, which was also fixed as the limit at which the liberty of exportation ceased; corresponding regulations being made for the other descriptions of grain. But the act

* See a full detail of the legislation on corn from the earliest period down to 1760 in our Ninth Chapter.

of 1773 was repealed in 1791 by the 31 Geo. III., c. 30, by which the price at which importation could take place at a nominal duty was again raised to 54s., and when the price was under 50s. importation was, by a prohibitory duty, prevented altogether; exportation being at the same time allowed (though, in that case, without a bounty) so long as the price should be below 46s. instead of 44s., as under the former act. The next corn-law was that already mentioned, passed in 1804 (the 44 Geo. III., c. 109), by which the price at which importation could take place under only a nominal duty was further raised to 66s., and that at which importation was prevented by a prohibitory duty to 63s.; the price within which exportation without bounty was allowed being at the same time extended from 46s. to 54s., and with the bounty from 44s. to 50s. After September, 1804, however, the price of the quarter of wheat in the home-market was only once, in November 1807, so low as 66s., till the beginning of the present year, 1815; so that, as we have observed, this act may be said never to have come into operation. Yet, in the apprehension of prices falling on the return of peace, attempts had been made by the landed interest to obtain a new law, greatly increasing the price at which importation should become free, both in 1813 and again in 1814. In the latter year two bills were brought into the House of Commons; one to repeal the bounty and remove all restrictions on exportation; in other words, to repeal all the legislation, whether of restriction or encouragement, in regard to the exportation of corn, and to leave that commodity, like any other, to be disposed of by the owner, without any interference on the part of the public, wherever, either at home or abroad, he thought he could find the best market; the other, to raise the price of wheat at which importation should be allowable at a nominal duty to 86s., the said nominal duty being at the same time raised from 6*d.* to 1*s.* The former bill passed and became the act 54 Geo. III., c. 69; the latter was successfully opposed, and was thrown out in the Commons on the motion for bringing up the report by a majority of 116 to 106. But the attempt of the agricultural interest to obtain additional protection was renewed in the next session; and, after encountering a keen and protracted opposition, a new act was passed (the 55 Geo. III., c. 26), by which, while it was provided that all sorts of foreign corn, meal, or flour, might be imported at all times free of duty in order to be warehoused, its importation for home consump-

tion was wholly prohibited until the price in the home market should have reached 80s. for wheat, 53s. for rye, peas, and beans, 40s. for barley, bear, or bigg, and 26s. for oats; except that corn from any of the British plantations in North America might be imported when wheat was at 67s., rye, peas, and beans, at 44s., barley, bear, or bigg, at 33s., and oats at 22s. And this law of 1815 continued to regulate the trade for the remainder of the present period. All restraints, it ought to be stated, on the free importation and exportation of grain between Great Britain and Ireland had been removed in 1806 by the act 46 Geo. III., c. 97. The aggregate of our foreign commerce was still greater in 1815 than it had been in the preceding year; for, although the total official value of the imports was only 32,987,390*l.*, that of the exports rose to 58,624,550*l.* The increase here was in home produce and manufactures, from 34,207,253*l.* to 42,875,996*l.*: the export of foreign and colonial merchandize had declined from 19,365,981*l.* to 15,748,554*l.* The difference, in fact, was occasioned by two causes; the falling off in the speculative shipments to the Continent (mostly consisting of colonial produce), and the re-opening of the trade with the United States (our exports to which consisted chiefly of our own manufactures). The real value of the total British and Irish produce and manufactures exported in 1815 is stated to have been 51,632,971*l.*; of which to the value of only 20,736,244*l.* was now sent to the other countries of Europe, and that of not less than 13,255,374*l.* was taken by the United States.

1816.—The decline in the prices of all our principal articles of export, including many articles of home as well as of colonial produce, which had been going on throughout 1815, was continued during this year, bringing them down in most cases before the end of the year to a point about midway between what they were in 1813-14 and what they were in 1811-12, in some cases considerably lower. Thus, taking the articles the prices of which have already been compared at these two dates, it appears that in 1816 Jamaica coffee fell to 77s. and 104s. per cwt., St. Domingo coffee to 62s. and 66s., sugar (general average) to 45s., Havannah white sugar to 44s. and 50s., bowed Georgia cotton to 1*s.* 2*d.* and 1*s.* 4*d.* per lb., cochineal to 23s. and 28s., East India indigo to 8*s.* 9*d.* and 10*s.*, black pepper to 7*d.* and 7½*d.*, Virginia tobacco to 5½*d.* and 10*d.*, logwood to 6*l.* and 6*l.* 10*s.* per

ton.* Copper in like manner fell from 140*l.* in 1813-14 to 85*l.* in 1816; tin from 174*l.* to 102*l.*; lead from 33*l.* and 34*l.* to 18*l.* Ever since our intercourse with the north of Europe had been re-opened, also, Baltic produce had been declining in price; the fall here, as Mr. Tooke remarks, had commenced while exportable productions were rising, and it continued through 1815 and 1816. The shipping interest, too, he proceeds to observe, had, ever since the peace, been undergoing a very considerable depression. The extended sphere for the employment of tonnage afforded by the trade of the north of Europe being now thrown open to British shipping was, he conceives, more than compensated by the greater quickness with which voyages were made in consequence of the discontinuance of the detention of convoys and other impediments arising out of the war, the large amount of tonnage discharged from the transport service, and the reduced cost of ship-building materials. The reduction of the cost of materials had also occasioned a great decline in the value of house property. "Thus," he adds, "there was from 1814 to 1816 [or rather to 1817] a very considerable depression in the prices of nearly all productions, and in the value of all fixed property, entailing a convergence of losses and failures among the agricultural, and commercial, and manufacturing, and mining, and shipping, and building interests, which marked that period as one of most extensive suffering and distress. Of that great and memorable fall of prices the principal part, beyond that which was the effect of the seasons, and a recoil from the extravagant speculations in exportable commodities, is clearly attributable to the transition from war to peace; not from war, as having caused extra demand, but as having obstructed supply and increased the cost of production."† The number of commissions of bankruptcy, which had been only 1612 in 1814, was 2284 in 1815, and this year rose to 2731, of which 37 were against country banks. The average price of wheat fell in January, 1816, to 52*s.* 10*d.*; but then arose, first, a partial demand for export to the Continent, chiefly for the Mediterranean, and then great apprehensions for the next crop, from the inclemency of the spring, which were increased by such a wet and boisterous summer as had not occurred since 1799, and

* See Table in Tooke's History of Prices, ii. 11.

† History of Prices, ii. 12.

were at last fully justified by a harvest both lamentably deficient in quantity and as miserably inferior in quality. Prices now advanced rapidly; the average price of wheat, which had been 55*s.* 6*d.* in February, and 74*s.* 11*d.* in June, reached 82*s.* 1*d.* in August, 90*s.* 10*d.* in October, and 103*s.* 7*d.* in December. Mr. Tooke holds that the rise would have been still greater, had it not been for the large surplus that remained from former seasons; for the harvests of Germany, France, and the south of Europe had been no better than our own, and, notwithstanding the high prices, the balance of our imports of wheat for the whole year did not exceed 100,000 quarters. The official value of our total imports of foreign and colonial merchandize fell, this year, to 27,531,604*l.*; that of our exports to 49,197,850*l.* The real value of British and Irish produce and manufactures exported is stated to have been 41,657,858*l.*; the falling off, in comparison with the last year, being chiefly in the exports to the south of Europe (from 8,764,552*l.* to 7,284,469*l.*), to the United States (from 13,255,374*l.* to 9,556,577*l.*), and to the West Indies and British North America (from 10,687,551*l.* to 7,016,410*l.*).

1817.—The season of 1816-17 in France was almost a period of actual famine; and the consequence was that, high as the prices were in this country, large purchases of wheat were made here in the spring of this year for the French government. It is calculated that the whole quantity then shipped to that country from this did not fall short of 300,000 quarters. Up to the middle of June, too, the weather was unpropitious, and the crops were thought to wear an unfavourable appearance. From these causes the prices of agricultural produce, high as they had risen in the latter part of the last year, continued to mount still higher throughout the first half of this; the average price of wheat, which was 104*s.* 1*d.* in January, having become 112*s.* 8*d.* in June. But after this the weather both in France and here suddenly underwent a great change for the better, and, the appearance of the crops becoming luxuriant and promising, the average price of wheat fell in July to 102*s.* 4*d.*, in August to 86*s.* 5*d.*, and in September to 78*s.* 8*d.*, a rate which closed the ports. The harvest, however, had been late, and probably somewhat deficient, and when samples of the new wheat were brought to market it was found that the quality was inferior, and that the grain, from being damp, was unfit for immediate use; while at the same time

there was scarcely any surplus remaining from the scanty crop of the last year. Prices, accordingly, rose towards the end of the year: the average price of wheat was such as to open the ports again in November, and it reached 84s. in December. Meanwhile in other articles a general rise of prices had been going on ever since the close of the last year. "The very low prices of 1815 and 1816," to quote Mr. Tooke's explanation, "had induced a greatly increased consumption. The stocks of importers, dealers, and manufacturers had become greatly reduced; and a general confidence began to prevail among the best informed persons in the several branches of trade that prices had, for that period, seen their lowest, inasmuch as the stock in hand of most of the leading articles had become manifestly below the average rate of consumption."* Some of the causes of the falling-off of supply he states to have been, the disinclination which had been produced in the preceding year to embark to the usual extent in fresh importations by the great fall of prices since 1813; and coincident with this a very unpropitious season, not only in this country, but over a great part of Europe, occasioning a failure of the vintage in France, and reducing the produce of silk and oil in Italy, besides directly or indirectly affecting flax, tallow, wool, hops, and many other articles. Thus the imports of silk had declined from 1,800,333 lbs. in 1815, to 1,137,922 lbs. in 1816; of wool, from 14,991,713 lbs. in 1815 to 8,117,864 lbs. in 1816; of coffee, from 815,440 cwt. in 1815 to 499,075 cwt. in 1816; of hemp, from 36,575 tons in 1815 to 18,473 tons in 1816; of flax, from 17,550 tons in 1815 to 12,371 tons in 1816; of tallow, from 32,082 tons in 1815 to 20,858 tons in 1816; of linseed, from 766,983 bushels in 1815 (the quantity imported in 1814 had been 1,364,959 bushels) to 567,138 bushels in 1816. There occurred also a nearly total failure of the northern whale-fishery, both in 1816 and 1817. "Such a falling-off of supply," Mr. Tooke goes on to observe, "was naturally calculated to attract attention during the progress of the importations; and, when these were understood to be deficient in so great a degree, a general disposition among dealers to lay in stocks became evident: such a state of things is usually the precursor of a spirit of speculation. This, therefore, although not yet developed at the close of 1816, was then on

* History of Prices, ii. 21.

the eve of displaying itself, and the full effect was exhibited in the great rise of prices which took place in 1817 and in 1818 of some of the articles of which there was so marked a deficiency of supply. The most striking instances of advance were silks, coffee, tallow, linseed, and oils, which in the course of 1817 and 1818 experienced a rise of 50 to 100 per cent. from their lowest point of previous depression." * "In 1815 and the early part of 1816," he adds, "the exports from this country had been made with great forbearance and prudence, because almost every class of merchants was at that time suffering from the effects of the too great eagerness of adventure of the two preceding years: this general forbearance was, of course, attended by a large profit to those who adventured; and the consequence of the favourable result of shipments on a small scale was, as usual on such occasions, not only that the houses regularly in the trade extended their shipments, but that fresh adventurers embarked in them to a considerable extent." † The total official value of the imports rose this year to 30,834,299*l.*; that of the exports to 50,404,111*l.*; there having been, along with a falling-off in the exports of foreign and colonial merchandize from 13,480,780*l.* in 1816 to 10,292,684*l.*, an increase in those of British and Irish produce and manufactures from 35,717,070*l.* to 40,111,427*l.* Yet the real value of the latter is stated to have been only 41,761,132*l.*, or no more than in the preceding year.‡ If this account is to be depended on, while the prices of imported articles were generally rising throughout the present year, those of our home produce and manufactures must have undergone a very considerable decline, to the extent of not less on the whole than about 15 per cent. The real value of the British and Irish produce and manufactures exported this year to the United States is set down at only 6,930,359*l.*: there was a slight increase in the amounts sent to most other parts of the world, more especially to the rest of America and the West Indies, and to Asia.

1818.—The weather throughout the greater part of this year, first a rather wet spring, then an almost uninterrupted drought from the middle of May till the middle of September, excited considerable fears for the crops, and the effect was, that not only the prices of agricultural produce fully

* History of Prices, ii. 25.

† Id. p. 26.

‡ Table in Porter's Progress of the Nation, p. 98. In Mr. Porter's second table, p. 102, the amount is stated as only 41,492,312*l.*

maintained for the first six or seven months of the year the height to which they had risen in the preceding December, but that large quantities of wheat (upwards of 1,500,000 qrs. in all) were brought from abroad. The average price of wheat was 84*s.* 10*d.* in January, 89*s.* 8*d.* in April, and 86*s.* 6*d.* in July. The harvest, however, turned out a less deficient one than had been looked for; and the price of wheat declined to 81*s.* 3*d.* in August, and in December was only 80*s.* 8*d.* But the prices of all other descriptions of grain were still higher at the close of 1818 than they had been at the close of 1817;—barley, which in 1817 had been at 45*s.* 11*d.*, was now at 63*s.* 6*d.*; oats, which had been then 27*s.* 10*d.*, were now 35*s.* 1*d.*; beans had risen from 54*s.* 10*d.* to 76*s.*; peas, from 52*s.* 11*d.* to 70*s.** The extraordinary character of the season had given rise, Mr. Tooke states, “to extensive speculations on the apprehended scarcity of several descriptions of produce, such as spring-corn and the leguminous tribes, which were supposed to be irretrievably destroyed by the great drought; and this circumstance, he observes, contributed, with the deficiency of imported produce, greatly to extend the sphere of speculation.” In the latter part of the year, however, he proceeds, “the causes of casual scarcity of supply, which, as has been seen, had been the occasion of the high prices, had ceased to operate, and a change was thenceforward in progress, tending to the restoration of abundance, and to the consequent subsidence of prices. This tendency had already become manifest in most articles at the close of 1818.”† In a subsequent page a comparative table is given of the imports of various leading articles in 1817 and 1818; from which it appears that the imports of silk rose from 1,177,693 lbs. in 1817, to 2,101,618 lbs. in 1818; of wool, from 14,715,843 lbs. in 1817 to 26,405,486 lbs. in 1818; of cotton, from 124,912,968 lbs. in 1817 to 177,282,158 lbs. in 1818; of hemp, from 22,863 tons in 1817 to 33,020 tons in 1818; of tallow, from 19,298 tons in 1817 to 27,149 tons in 1818; of linseed, from 162,759 quarters in 1817 to 237,141 quarters in 1818. The total official value of the imports in 1818 was 36,885,182*l.*; that

* Tooke's History of Prices, ii. 23. Mr. Tooke, in this place, calculating by the imperial measure, states the average price of wheat at the close of 1818 to have been 78*s.* 10*d.* We shall adhere throughout to the Winchester quarter, according to which the averages for every month, from 1793 to 1837 inclusive, are given by him in a table at page 300.

† Id. p. 27.

of the exports 53,560,438*l.*, of which 42,700,521*l.* is set down to the account of British and Irish produce and manufactures. The real value of the British and Irish produce and manufactures exported is stated to have been 46,112,800*l.*, which, measured by the official estimate of quantity, would imply a considerable rise of prices in such goods in the course of this year. The increase of exports of home produce and manufactures was chiefly to the United States, to which there was now sent to the value of 9,451,009*l.*, and to South America, to which there was sent to the value of 3,995,757*l.* (the value sent in 1817 being only 2,651,337*l.*).

1819.—The winter of 1818-1819 was remarkably mild, the spring that succeeded was very forward, and the favourable appearances of the crops were followed by a harvest of at least average productiveness. In these circumstances, and after the large importations of the preceding year, the prices of agricultural produce naturally fell: the average price of wheat, which was 79*s.* 3*d.* in January, was 68*s.* 10*d.* in June, and, although it afterwards rallied so far for a few weeks as to reach 75*s.* in August, it had fallen again by December to 66*s.* 3*d.*, with a tendency to a still farther decline, which went on, as we shall find, with little interruption for the next three years, till it sank to not much more than the half of that height. Now, also, in the beginning of this year began to be experienced the natural consequences of the over-importation of nearly all descriptions of goods in the preceding year. It appears that the entire quantity of colonial and foreign produce imported and retained for home consumption in 1818 was nearly a third greater than in 1817, and more than twice as great as in 1816.* Hence a great fall in the prices of all descriptions of such produce, and of course the ruin of great numbers of the importing speculators. "The largest," says Mr. Tooke, "in point of amount of the articles of which there was so great an excess of the importation was cotton: and it was in this article that the fall in price was the greatest, and the failures among those concerned in it, consequently, the most extensive. The error usual on such occasions had been committed; the stocks on the spot had been greatly reduced in 1816, and a rise of price of this reduced stock was perfectly justified; but then, as in more recent instances, the advanced price was not confined to the small stocks on the spot, but was paid for large

* See Comparative Statement in Tooke's *History of Prices*, ii. 62.

quantities in the countries of growth, to be shipped hither.”* Bowed Georgia cotton now fell from 1s. 10d. per lb., which it had reached between 1816 and 1818, to 1s. “The result of over-trading on so large a scale,” continues Mr. Tooke, “was experienced in numerous and extensive failures, which began in the latter part of 1818, and continued more or less through the earlier part of 1819. Importers, speculators, and manufacturers were successively ruined by having embarked too largely upon the anticipation of the maintenance of the former range of high prices. There were also very extensive failures in New York, but more especially in Charlestown, and other southern ports of the United States, at the close of 1818, and at the commencement of 1819.” Before the autumn of 1819, however, every vestige of commercial discredit had disappeared; although prices, with few exceptions, continued to decline for several years from other causes. “The sources of supply of all the raw materials of our principal manufactures,” Mr. Tooke observes, “were experiencing a progressive extension, at a diminished cost of production; and, although there had been, in the two or three years immediately following 1818, a slight falling-off in the amount of imports of some of the articles, there was a progressive increase on the average of three years, compared with the average of any preceding three years.”† In February of this year committees of inquiry into the state of the currency were appointed by both Houses of Parliament, with the avowed object on the part of the government of taking measures for the resumption of payments in cash by the Bank of England; and the act for that purpose, the 59 Geo. III., c. 78, commonly called Peel’s Act, was passed in the course of the same session. But these proceedings do not appear to have had any effect whatever at the time either upon prices or upon the circulation. In fact, as Mr. Tooke has observed, had it not been for the derangement of our currency occasioned by the large financial operations of the continental states in 1817 and 1818, in which two years loans were raised by France, Prussia, Austria, and Russia to the amount of 38,600,000*l.*, “the resumption of cash payments, in this country, would have taken place as a matter of course in 1818.”‡ The total official value of our imports fell again in 1819 to 30,776,810*l.*; and that of our

* History of Prices, ii. 77.

† Id. ii. 79.

‡ Id. ii. 94.

exports was only 43,438,989*l.*; that of the exports of British and Irish produce and manufactures being reduced to 33,534,176*l.* The real or declared value of the British and Irish produce and manufactures exported in this year is stated to have been 34,881,727*l.*; the diminution of such exports extending to all parts of the world, but in the greatest degree to the United States (the amount sent to which was only 4,929,815*l.*), to the British North American Colonies, the West Indies, and Central and South America. The value sent to the North of Europe was reduced from 11,809,243*l.* to 9,825,397*l.*; that sent to the South of Europe, from 7,630,139*l.* to 6,895,255*l.*

1820.—A rather rigorous winter in 1819-1820, followed by a cold and backward spring, gradually raised the prices of agricultural produce, till, after a slight depression occasioned by a few fine days in the latter part of June, the average price of wheat had risen by August to 7*s.* 5*d.* The weather now, however, became steadily brilliant and genial, and the crop proved both one of the most abundant and one of the finest quality ever known. The consequence was progressive diminution of prices, till the average price of wheat had fallen, by the end of the year, to 5*s.* 6*d.* Mr. Tooke is of opinion that the actual circumstances of the case might very well have produced a still greater declension. The crop appears to have been full a third above an average one; "but it was not," he observes, "till the following two or three years, during which wheat of the harvest of 1820 continued to appear in the markets, that the exuberant produce of that season became generally known."* The total official value of our imports rose in 1820 to 32,438,650*l.*; and that of our exports to 48,951,537*l.*, of which the British and Irish produce and manufactures amounted to 38,395,625*l.* The real or declared value of the British and Irish produce and manufactures exported is set down at 36,126,322*l.*; there being an increase of such exports, as compared with the preceding year, to all parts of the world, except only the United States of America, to which there was a falling-off from 4,929,815*l.* to 3,875,286*l.*, and the British West Indies and North American Colonies, to which there was also a falling-off from 6,861,314*l.* to 5,756,864*l.* There was an increase to the Northern States of Europe from 9,895,397*l.* to 11,289,891*l.*; to the South of Europe from 6,895,255*l.* to 7,139,612*l.*; and to Asia from 2,715,018*l.* to 3,810,290*l.*

* History of Prices, ii. 83.

1821.—A mild winter in 1820-21, and a rather forward spring, had the effect of continuing the decline of prices, till, in July 1821, the average price of wheat had fallen to 51s. That month, however, was showery and cold; and the prevalence of wet weather occasioned such apprehensions in regard to the harvest, that a speculative rise now took place, which by September reached 62s. 3d. But when it was found that, although the condition of the wheat had suffered considerably, the produce was nevertheless of much more than average amount, while there were also still large quantities of old corn coming forward, this upward tendency was checked and reversed, so that by December the average price had fallen to 49s.; and the decline, as we shall find presently, did not stop at that point. For this, however, there were two causes: "The quality of all the wheat of 1821," says Mr. Tooke, "was very inferior; and this inferiority of quality is to be taken into consideration in the comparative view of the low averages of the following year." And he quotes the evidence given before the Lords' Committee on Agriculture in 1836, by Joseph Sanders, Esq., who, when asked to what he attributed the fall of corn in 1822, answered, "to the very extraordinary crop in the year 1820, and to the very singular crop in the year 1821;—1821 was a crop on the largest scale; I hardly ever knew a larger crop; but it was very much damaged in quality by rain; the quality was injured, and the value was lowered in the market." The outcry of agricultural distress, which always rises upon a decline of prices, had by the beginning of this year waxed so strong, that in March a committee was appointed by the House of Commons to inquire into the causes of the alleged state of things, and the means of remedy; but, although it presented a very able report, nothing was for the present actually done in the matter. The official value of the imports declined this year to 30,792,760*l.*; but that of the exports rose to 41,461,433*l.*, of which the exports of British and Irish produce and manufactures amounted to 40,831,744*l.* The real or declared value of British and Irish produce and manufactures exported is stated, however, to have been only 36,333,102*l.*, or very little more than that of the preceding year. The low prices of food had therefore, as usually happens, been accompanied by a fall in the prices of other home produce, produced perhaps, in part, by a fall of wages, in part by the more eager rivalry and underselling incident to a glut of capital and a low rate of interest. The most

remarkable points of difference between the export trade of this and the last year were, that the real value of the exports to Northern Europe was now only 9,044,155*l.*, and of those to Southern Europe only 6,859,287*l.*; but that those to the United States of America had increased to 6,214,875*l.* This year is memorable for the proposal now first made by the Government to abandon the restrictive principle of the Navigation Laws, which had regulated our commercial policy ever since the time of the Commonwealth. The measures intended to be adopted to consolidate as well as to liberalize the vast body of laws (nearly 2000 in number) relating to both the foreign and the home trade of the country, were explained to the House of Commons on the 25th of June, by Mr. (afterwards Lord) Wallace, vice-president of the Board of Trade; but the motion with which he concluded for the present only went the length of asking leave to bring in the necessary bills, which was granted.

The act of 1819 had provided that the resumption of cash payments should take place in 1823. In point of fact, however, the Bank exchanged its notes for gold on demand from the 1st of May, 1821. The actual duration of the suspension, therefore, was about twenty-four years. No demonstration in economical science can be more complete than that which has been given by Mr. Tooke in the admirable work to which we have so often had occasion to refer, of the groundlessness of the notion, so clamorously maintained by a certain sect of politicians, or political economists, that the great rise of prices experienced throughout a portion of this space was the effect of the state of the circulation. He has shown that there is no parallelism whatever between the amount of the issues of the Bank during the suspension, and the course of prices which they are supposed to have affected or determined. Prices sometimes fell, under this state of the currency, while the Bank was extending its issues, and at other times rose while it was contracting them. But what is still more decisive is the fact, that, for the most part, neither the rise nor the fall of prices was general; but, while one class of commodities became dearer, another class at the same time became cheaper. Nor was there, in point of fact, either generally, or in any particular region of prices, such a rise or steadily maintained elevation as the theory assumes to have been produced by the increase of the Bank issues: as there were occasional dear years in what is looked upon by this theory as the era of low prices, so there were

several cheap years in what is described as the succeeding era of excessive issues and high prices. Even the slight and imperfect sketch that has been given above of the history of our commerce during the suspension, the materials of which have been chiefly taken from Mr. Tooke's work, sufficiently indicates the true origin and regulating causes of these fluctuations. The low prices were in all cases the effect of abundance, the high prices of scarcity—of abundance and scarcity, either real or apprehended; and the abundance or the scarcity was occasioned, not by the issues of the Bank at all, but by the variations of the seasons, and the other circumstances affecting production, and by the greater or less success of the measures that were taken on the one hand to prevent, on the other to carry on and extend, commercial intercourse. The only way in which the Bank can have ever aided in elevating prices is, that it may have sometimes by an increase of its issues encouraged and assisted the speculative over-trading of the moment; but no permanent elevation of prices could have been thus produced; for, as may be seen from the rapid chronological survey that has just been taken, if such speculation raises prices at first, its inevitable result in the end, and usually after a very short time, is to bring about a fall at least equal to the rise. The commodities the high price and scanty stocks of which tempted speculation are soon made plentiful and cheap by the over-importation or over-production, in one or other of which the speculative trading must have consisted or issued. The truth is, that the Bank had no power to do what it is often charged with having done under the suspension of cash payments, namely, to issue any quantity of paper it chose. The fact appears to be, that it is only a certain amount of currency, whatever be its description, whether it be in specie or in paper, which a country can be made to maintain at any particular time: money, in whatever form, is merely a commodity, of which the community at any particular moment wants only so much, and will not be forced to employ or absorb, or, as we should say in the case of any other commodity, to consume, a larger quantity. Individual speculators, of course, will take as much as they can get of this, or of any other article; but what we mean is, that no more than a certain quantity can be thrown into and kept in general circulation. Whether it be in the form of specie or of paper, the over-issue, or excess howsoever produced, will infallibly be thrown off, just as a superfluous quantity of any

of the ingredients would be rejected and left inactive in a chemical mixture. There is a point of saturation as invincible in the one case as in the other. One of the ways, it is true, in which the excess of an inconvertible paper currency may be partially corrected, is by the paper becoming depreciated, or losing part of its value as measured in specie. And this did, to some extent, befall the paper of the Bank of England during a portion of the time over which the suspension of payments in cash extended. The rule, as on several occasions stated by themselves, upon which the directors then acted in regulating the amount of their issues, was to look simply to the demand for the discount of good bills at five per cent. The state of the exchanges with other countries they avowedly disregarded. If they had always contracted their issues when the foreign exchanges were falling, whatever might have been the number of bills presented to them for discount at the arbitrary rate of interest they had fixed upon, it is probable that the immediate inconvertibility of their paper might not have affected its value at all. The effect of the principle they followed was, in truth, to leave the amount of the circulation to be determined mainly by the fluctuations in the current rate of interest, the rise of that rate at any moment to or beyond five per cent. bringing about the demand for an extension of their issues to which they were accustomed to yield. In this way they probably in some cases encouraged the spirit of speculation which it would have been better for the public that they should have checked; and they were also undoubtedly led to give an undue enlargement to the circulation to some extent, the effect of which was a certain depreciation of Bank paper. But, after all, this effect was probably produced more by the advances of the Bank to government than by its discount of private bills. No difference between the value of paper and that of gold was experienced till 1801, the ounce of gold down to that year bringing in the market no higher price in Bank paper than 3*l.* 17*s.* 10½*d.*, its mint value. In 1801, however, taking the average of the year, an ounce of gold was not to be obtained for less than 4*l.* 5*s.* in Bank currency, indicating a depreciation of the latter to the extent of 8*l.* 7*s.* 8*d.* per cent.; in 1802 the average per-centage of depreciation was reduced to 7*l.* 5*s.* 10*d.*; from 1803 to 1809 inclusive it was only 2*l.* 13*s.* 2*d.*; in 1810 it rose to 13*l.* 9*s.* 6*d.*; in 1811 it was 7*l.* 16*s.* 10*d.* (when Mr. Vansittart got the House of Commons to pass his famous third resolution, that

Bank notes had hitherto been, and were then, held to be equivalent to the legal coin of the realm); in 1812 it was 20*l.* 14*s.* 9*d.*; in 1813 it was 22*l.* 18*s.*; in 1814 it was 25*l.* 2*s.* 6*d.*; that is to say, an ounce of gold could not at that time be purchased for less than 5*l.* 4*s.* in Bank paper. This, however, was the extreme point to which the depreciation went; in 1815 and 1816 it was only 16*l.* 14*s.* 3*d.*; in 1817 it was reduced to 2*l.* 13*s.* 2*d.*; in 1819 it rose again to 4*l.* 9*s.*; but in 1820 it fell to 2*l.* 12*s.*; and in 1821, on the resumption of cash payments, Bank paper rose to the full value of gold. We are not, however, entitled to assume that even the excess of value which gold appears from this account to have, in point of fact, maintained over Bank paper during the twenty years from 1801 to 1820 inclusive was wholly the consequence of the over-issue of Bank paper. Part of it may very possibly have arisen from a temporary scarcity of, or, which is the same thing, an extraordinary demand for, gold, which would have raised the market price of that metal above the mint price under any state of the circulation. As for the issues of the Bank, it is to be remembered that, although the immediate convertibility of the paper into gold was suspended, they never were made except under the responsibility imposed by the expectation that the system of cash payments would be ultimately resumed. A few theorists, or a portion of the public, may have doubted if the resumption would ever be effected or attempted; but there is no reason to suppose that either the government or the Bank directors ever had any doubt about the matter. We gave in the last chapter an account of the average amount of Bank paper in circulation at various periods down to 1801. On the 31st of August in that year, as there stated, the entire amount of Bank paper in circulation, including both Bank notes and Bank post-bills, was 14,556,110*l.* On the same day in 1806 it was 21,027,470*l.*; but in 1808 it had been reduced again to 17,111,290*l.* On the 31st of August, 1810, however, it was 24,793,990*l.*; in 1814 it was 28,368,290*l.*; and in 1817 it was 29,543,780*l.* This was the highest amount it ever reached; by the 31st of August, 1819, it had declined to 25,252,690*l.*; and on the 26th of February, 1820, it was only 23,569,150*l.* The quantity of country-bank paper was also, of course, considerably augmented during the suspension of cash payments; but, after all, the entire increase of the paper currency that took place was probably very little greater than was fairly demanded by the nearly

complete withdrawal of gold from the circulation, by the growth of the population, and by the extension of commercial transactions. The amount of bullion in the coffers of the Bank, which had been 7,000,780*l.* on the 31st of August, 1799, gradually declined till it was only 3,592,500*l.* in 1803. From this point of depression it rose to be 7,624,500*l.* in 1805; and in 1808 it was still 6,015,940*l.* In 1809, however, it was only 3,652,480*l.*; and by 1814 it had sunk to 2,097,680*l.* It was never again quite so low as this, though it varied much in subsequent years; having been 7,562,780*l.* in 1816, 11,608,260*l.* in 1817, 6,363,160*l.* in 1818, 3,595,360*l.* in 1819, and, again, 8,211,080*l.* in August 1820. But it often underwent great fluctuations even in the course of the same year. Since the resumption of cash payments, and the consequent regulation of the currency principally through the action of the foreign exchanges, that is to say, its increase during a favourable state of the exchanges, when bullion is sent to the Bank to be exchanged for notes, and its diminution by the demand for gold in the opposite state of things, the directors profess to have, as far as possible, made it a rule to have always as much coin and bullion in their coffers as should together amount, when the exchange is at par, to a third part of the Bank's liabilities, including deposits as well as issues. In 1816 the capital of the Bank was raised to 14,553,000*l.*; and in 1807 the dividends had been raised to 10 per cent., at which rate they remained till 1823, when they were reduced to 8 per cent. In 1833 the privileges of the Bank were renewed and continued, with modifications, to August 1844.

1822.—A continuance of the same circumstances which had characterized the two last years produced, in an increased degree, the same effects in this. "The season of 1822," to quote Mr. Tooke's description, "was throughout remarkably fine; a mild winter, a genial spring, and a hot summer. The spring crops suffered from drought, but the wheats were universally good in quality, and proved to be of full average produce; and as they were secured early, and in condition for immediate use, the markets were very largely supplied with new corn, while there was still a great bulk of old of inferior quality pressing for sale. And, while there was thus a great pressure on the markets of the supplies of the growth of Britain, the imports from Ireland had acquired an extension beyond all expectation: thus, in 1820 and 1821, the importation of wheat alone amounted to nearly

one million of quarters, whereas in 1817 there had been a *balance of export to Ireland*, and in 1818 the balance of imports was only 100,638 quarters.* A regular decline of prices, accordingly, went on throughout the year, till by December, the average price of wheat had fallen to 38s. 11d. The prices of meat were also greatly reduced, and by a similar cause, the abundance of cattle brought to market: the neat cattle sold at Smithfield, which in 1820 were only 132,933, in 1822 were 142,043; the sheep and lambs, which were only 947,990 in 1820, were 1,340,160 in 1822; and in Liverpool, Hull, and all the other markets in England, the increase was equally great.† The fact has been broadly denied, but it is clearly established by Mr. Tooke that the fall in the prices, not only of corn, but of most other articles of consumption, between 1817 and 1822, was still greater in France and throughout most of the continent of Europe than in this country. "And it is to be observed," he adds, after giving his proofs, "that these were prices not acted upon by any influence from hence, inasmuch as the principal rise of them had not been preceded by any demand for export hither, and the fall was so much greater and more rapid than that which had occurred here; besides that the places were few of them in direct communication for the purposes of the corn trade with this country. In none of the states in which this great transition from high to low prices took place, does it seem to have occurred to the government, or to their subjects, that it had its origin in any but the very obvious causes; namely, the change from bad to plentiful seasons, and the removal of obstructions to foreign supplies."‡ A second committee of the House of Commons was appointed early this year to inquire into the complaints of the agricultural interest; and, upon its recommendation, parliament passed a new corn law, professing to relax the law of 1815, by allowing importation when the price of the quarter of wheat should reach 70s., instead of 80s., and with a proportionate reduction for other grain; but in reality extending instead of contracting the limit of prohibition, by raising the duty to 17s. on wheat (and proportionally on other grain) for the first three months after the opening of the ports, if the price should continue under 80s., to be reduced to 12s. only after the expiration of that term, to 10s. for the first three months after the price should have come to range be-

* History of Prices, ii. 81.

† Id. p. 85.

‡ Id. pp. 86-92

tween 80s. and 85s., to 5s. after the expiration of that term with such range of prices, and to 1s. only after the price should have reached 85s. In point of fact, therefore, the price at which importation became free, or was allowed on the payment of a nominal duty, was raised by this act from 80s. to 85s. But it was provided that the new law should not come into operation until the ports should be open under the law of 1815, by the average price of wheat reaching 80s. : and this did not happen so long as the act of 1822 remained in force, so that it never actually came into operation. Another plan that was adopted by the government under the pressure of the demands made upon them by the agricultural interest, was to propose to parliament, immediately after the opening of the session in February, certain resolutions authorizing an issue of exchequer bills to the amount of 4,000,000*l.*, to be advanced in loans to parishes, and for the promotion of public works. "This notable scheme," observes Mr. Tooke, "was with a view, as it was intimated, of enlarging the circulation and stimulating speculation, or, in other words, raising prices : the resolutions were passed, and the powers were granted ; but they failed egregiously of the proposed effect. The circulation of bank-notes, an increase of which was the professed object of the measure, was diminished instead of being enlarged, between February and August 1822 ; and, although the securities of the Bank were increased by 1,200,000*l.* in August, as compared with February, 1822, that increase was more than compensated by an increase, on the other hand, of the deposits to the amount of 1,700,000*l.* But the main purpose, namely, that of raising prices, was so far from being accomplished, that they fell progressively to the end of the year, and a twelvemonth elapsed before, from totally distinct causes, the prices of provisions experienced the so much desired advance."* But in fact, the alleged distress was felt by nobody except holders of grain : to the bulk of the community the cheapness of provisions was of course the greatest of blessings. In the very speech in which he introduced the above-mentioned resolutions to the House of Lords (on the 26th of February), Lord Liverpool admitted this, and stated some strong facts which proved it beyond dispute. The revenue of 1821, he told their lordships, although no new taxes had been laid on, had exceeded that of the preceding year by more than a million sterling.

“And how,” he added, “has this revenue been collected? with what degree of pressure upon the people? In answer, I can positively assert, that there never was any year’s revenue collected with less difficulty or arrear. Out of about 27,000,000*l.* of excise duties, to be collected within the year, there is not a deficiency of more than 5,000*l.*, and even of that residue there is a prospect that the greater part will be collected. So that not only has the revenue increased, not only does it continue to increase, but it appears to press more lightly on the people than at many former periods.” The official value of the imports this year was nearly the same as the last, being 30,500,094*l.*; that of the exports rose to 53,464,122*l.*, of which the British and Irish produce and manufactures amounted to not less than 44,236,533*l.* But the great fall in the prices of all sorts of commodities that had taken place is shown by the real value of such home produce and manufactures exported in 1822 being only 36,650,039*l.*, or about the same as the real value of those exported in 1821, the quantity of which was so much less. The most considerable variation, in other respects, between the two years, was that the value of the exports to the South of Europe, which had been 6,859,287*l.* in 1821, was increased to 8,273,986*l.* in 1822. The propositions for the improvement of our commercial system, which had been announced by ministers last session, were this year adopted by Parliament, and embodied in five acts. The first (3 Geo. IV. c. 41), entitled “An Act to repeal divers ancient Statutes, and parts of Statutes, so far as they relate to the importation and exportation of goods and merchandize from and to foreign countries,” swept away above two hundred old laws passed between the reign of Edward III. and the Restoration, most of which, however, although they continued to encumber the statute-book, had long been practically obsolete and forgotten. The second (3 Geo. IV. c. 42), entitled “An Act to repeal certain Acts and parts of Acts relating to the importation of goods and merchandize,” repealed the several clauses of the Navigation Law of the 12th of Charles II. which prohibited goods the produce or manufacture of Asia, Africa, or America, from being imported into England except in English ships, which enacted that no foreign goods which should be brought into England otherwise than in English ships should be shipped from any other place but the place of their growth, production, or manufacture, and which related to the importation of certain

enumerated and Turkish goods, of goods from Russia, the Levant, Spain, Portugal, the Western Isles, Madeira, and the Canary Islands; and also various subsequent acts, founded upon, and carrying out the principle of, these original restrictions. The third (3 Geo. IV. c. 43), entitled "An Act for the encouragement of Navigation and Commerce, by regulating the importation of goods and merchandize, so far as relates to the countries or places from whence and the ships in which such importation shall be made," so far modified the old Navigation Laws as to allow enumerated goods to be brought direct from any port in Europe in foreign ships, provided the ships belonged to the port in question; to place Holland and the Netherlands on the same footing with other countries by permitting their produce and manufactures to enter our ports in their own as well as in British vessels; and to allow British ships to bring the produce of Asia, Africa, or America from any place in Europe for re-exportation. The fourth (3 Geo. IV. c. 44), entitled "An Act to regulate the trade between his Majesty's possessions in America and the West Indies, and other places in America and the West Indies," repealed many old laws relating to this matter, and permitted the importation, under certain duties, and into certain specified ports, of certain enumerated articles from any foreign West Indian or American possession, either in British vessels or in vessels owned by the inhabitants of such foreign possession, and the re-exportation of such articles to any other British Colony or to the United Kingdom. It also provided that there might be exported from the said ports, under certain conditions, either in British or foreign vessels, any articles which had been legally imported, or which were of the produce or manufacture of any part of his Majesty's dominions. Finally, the fifth (3 Geo. IV. c. 45), entitled "An Act to regulate the trade between his Majesty's possessions in America and the West Indies, and other parts of the world," also repealed many existing laws, and declared that it should be lawful to export from any colony, in British ships, to any foreign port in Europe or Africa, any articles which had been legally imported into the country, or were of its own growth or manufacture, and also to export certain enumerated articles to any colony in British ships from any foreign port in Europe or in Africa.

1823.—With this year commences a new range of the prices of food, which, as we have seen, had, under the influ-

ence of a succession of favourable seasons and abundant or more than average harvests, been falling, with scarcely any interruption, ever since 1817. The average price of wheat rose in January, 1823, to 40s. 4d., and in February to 40s. 8d. This, says Mr. Tooke, "was mainly the effect of the necessarily increasing proportion of the superior new to the very inferior old coming to market." "And," he adds, "a part of the further advance was ascribed in the contemporary accounts, and with great probability, to the circumstance of purchases by persons who had previously sold their old wheat with a view to re-investment in the new. Some speculative purchases were also made at that time, in pursuance of an opinion which had become prevalent that prices had seen their lowest; and the excellent quality and condition of the wheat of 1822 afforded additional inducements to act upon that opinion. The winter of 1822-3, although not memorable for severity and duration of frost, was rather a rigorous one; and the spring of 1823 was very backward, with a prevalence of cold, dry weather, till the latter end of June."* In these circumstances the average price of wheat rose in June to 61s. 4d. (or to 62s. 5d., according to Mr. Tooke in the body of his work). "The weather, however," he goes on, "afterwards improved; and, as the recent rise had induced large supplies from the farmers, the old stock being found to be more considerable than had been supposed, the markets gave way. Although the weather at harvest was unsettled, with a considerable proportion of wet, accompanied with reports of injury to the crops, prices still continued to decline." The average price of wheat in October was 47s. 4d. according to the Table, or 46s. 5d. as set down by Mr. Tooke in his text; the fall in four months having by this latter statement been not less than 16s. per quarter, or rather more than 25 per cent. "But," he adds, "as it had been found on threshing that the produce of the crops was really deficient, while the old stock had been materially reduced, there was a rally of the markets at the close of the year:" and the average of wheat rose in December to 50s. 8d.—the Table says to 52s. The only important facts connected with the state of the currency at this time are, that the clause in Peel's bill of 1819, directing the suppression of the one pound notes of the country banks in 1823, had been repealed in June, 1822, and their circulation per-

* History of Prices, ii. 122.

mitted for ten years longer; that in the spring of 1822, parliament had sanctioned an issue of four millions of exchequer bills in aid of public works; and that the average amount of Bank of England notes in circulation, which was 17,862,890*l.* in 1822, had increased to 18,629,540*l.* in 1823. But, on the other hand, the whole amount of bullion in the coffers of the Bank, which was 10,254,698*l.* on the average of the year ending 28th of February, 1822, had risen to 12,606,963*l.* on the average of that ending on the same day in 1824. It appears very doubtful, also, if there was any increase at all in the issues of the country banks in 1823 as compared with 1822.* As for the assumption, again, common or universal with the class of political economists who trace all variations in prices to variations in the amount of the currency, that the Bank circulation was increased in 1823 to the extent of 4,000,000*l.* by the issue of exchequer bills to that amount, it is enough to state that it is a pure delusion or fiction; in point of fact, no such increase of the paper of the Bank took place. The official value of the imports this year rose to 35,798,707*l.*; while that of the exports fell to 52,408,276*l.*, including British and Irish produce and manufactures to the amount of 43,804,37*l.*, or in real value to that of 36,375,342*l.* The real value of the exports of home produce and manufactures to the South of Europe was this year only 6,801,490*l.*; that of those to the United States had fallen to 5,464,874*l.* from having been 6,865,262*l.* in 1822; that of those to Central and South America had risen from 3,166,714*l.* to 4,218,893*l.* This year the relaxation of the old restrictive system of our commercial policy was completed by the passing of the act of 3 and 4 Geo. IV. c. 37, entitled "An Act to authorize his Majesty, under certain circumstances, to regulate the duties and drawbacks on goods imported or exported in foreign vessels; and to exempt certain foreign vessels from pilotage." Although slightly out of the chronological order, it may be most convenient to mention here that commercial treaties, in conformity with the provisions of this act, commonly known as the Reciprocity of Duties Act, were concluded in 1824 with the Netherlands, Prussia, and Denmark; in 1825 with the Hanse Towns; in 1826 with France (for ten years), and with Mexico; and in 1829 with Austria. The trade with the United States had already been placed upon the

* See Tooke's History of Prices, li. 128-131.

footing of reciprocal duties and privileges by a convention arranged in 1815, which was subsequently prolonged in 1818 and 1827.

1824.—The price of corn continued to rise for the first three months of this year, the crop of 1823 having been found to be still more deficient both in quantity and in quality than had been previously supposed. The average price of wheat in March was 65s. 6d. But after this, when "it was first discovered," to quote the Historian of Prices, "by the large supplies from the farmers, that, although the crop of 1823 had on all hands been allowed to be deficient, yet, with the old stock from previous years, it was adequate to supply the consumption at its ordinary rate till after the ensuing harvest," the markets began to decline, and by September the average price of wheat had fallen to 55s. 4d. During harvest, however, the weather was very wet in some parts of the country, and unsettled in all: and, with a stock on hand lower than what it had been for some years past, a rise began which carried the average price of wheat by November to 64s. 8d. Meanwhile it is remarkable that the prices of other commodities in general experienced little or nothing either of elevation or depression during the greater part of this year. "In the early part of 1823," says Mr. Tooke, "the entrance of the armies of France into Spain, giving rise to the apprehension of a general war in Europe, caused a speculative advance in the prices of colonial produce, and of some other commodities of which the cost of production was likely to be raised, or the supplies obstructed, by such an event. Coffee and sugar, and several other articles, were supposed to be likely to be so affected, and experienced therefore a considerable rise of price in the first three months of 1823. But, when it was found that the government of this country did not interfere to prevent the occupation of Spain by the armies of France, and that consequently there was no longer any ground for apprehension of a general war, the markets for those articles relapsed to their former state. Later in the season, a speculation in cotton, and consequent advance in prices, occurred, on the ground that the reduced stock on hand, with the computed probable importation, was likely, according to the estimates then formed, to fall short of the rate of consumption. But the importations proved to be beyond the estimated quantity, while the consumption appeared to have been checked, and prices soon subsided to the state from which they had been speculatively

raised. With these exceptions, and other isolated speculations of less note, attended by the same result, *the prices of goods generally were either stationary, or dull and drooping during the first six months, and in some cases (the important article of coffee, for instance) till the close, of 1824.*"* "In most of the great branches of trade," he afterwards observes, "there prevailed, in the latter part of 1823 and the greater part of 1824, a general character of prudence and sobriety, without any apparent resort to an undue extension of credit. There was still at this time a prevalence of the caution which had been taught and enforced among the commercial classes by the reverses and losses which had been sustained by the great fall of prices since 1818. Due attention was still paid to the more obvious elements of mercantile calculation; and, although there was an evident tendency to increased speculation, the objects for the exercise of it were selected with a considerable degree of care and sobriety."† The largely augmented amount, however, of the imports in 1823 may show that the storm was already brewing, that the spirit of speculation was awakening; for, although the low prices of the raw materials and the improvements of machinery had, as Mr. Tooke remarks, extended the consumption of most descriptions of manufactured articles both at home and abroad, no corresponding increase of the rational demand can be supposed to have called for any thing like the whole of the sudden increase of importation which actually took place. But it was not till towards the close of 1824 that the competition among dealers began very observably to spread and to grow more eager. The following is Mr. Tooke's interesting and instructive explanation:—"The closing months of the year are those in which, by annual custom, the stocks of goods on hand, and the prospects of supply and probable consumption for the coming season, are stated and reasoned upon by merchants and brokers in circular letters addressed to their correspondents and employers. By these circulars it appeared that of some important articles the stock on hand fell short of what it had been at the close of the preceding year. From this the conclusion was more or less plausibly deduced, that the rate of the annual consumption of those articles was outrunning the utmost actual and probable supply, and that an advance of price must necessarily be the consequence; not, however,

* History of Prices, ii. 141.

† Id. p. 147.

considering that a great part of the increased consumption had been owing to the reduced price. At the same time there were, on the present occasion, in the case of some leading articles, such as cotton and silk, confident reports of failure of crops, or other causes which would infallibly diminish the forthcoming supply. Expectation of scarcity was thus combined with actual deficiency, in further exciting the spirit of speculation, which had been already roused, and to which the state of the money-market, or, in other words, the low rate of interest, afforded great facility.* The impulse to a rise of prices thus given acquired new force every day. Cotton became the article of most eager purchase: but silk, wool, flax, and various other articles, were also laid in in large quantities, and at exorbitant prices: and speedily there "arose an impression," to quote Mr. Tooke's words, "that all purchases of goods were likely to answer." Safflower, saffron, pot and pearl ashes, resin, linseed, oil, coffee, cochineal, tallow, sugar, and opium, are articles which he enumerates as having all, besides many others, become objects of speculative purchase before the close of the present year 1824. The official value of the imports for this year was 37,552,935*l.*; that of the exports rose to 58,940,336*l.*, including British and Irish produce and manufactures to the amount of 48,735,551*l.*, the real value of which was estimated at 38,422,312*l.* The principal increase in the export of such home produce and manufactures was to Central and South America, to which there was sent to the amount, in real value, of 5,572,579*l.*, being considerably more than twice as much as in 1817, since which year the annual increase had been steadily progressive.

1825.—Corn maintained a high and even a somewhat advancing price throughout the first five or six months of this year, notwithstanding the importation of 525,231 quarters of foreign wheat in April, and a winter and spring which at least could not be described as inauspicious. The average price of wheat was 68*s.* 9*d.* in May, and, although the summer proved a very fine one, it was still 68*s.* 6*d.* in June, and 68*s.* in July; nor was it till after the crop, which was unusually early, was secured in good condition, and found to be of more than average productiveness, that it began decidedly to give way. It fell to 66*s.* 7*d.* in September, and a further slow but steady movement in the same direction brought it down to 63*s.* by the last month of the year.

* History of Prices, ii. 143.

It is remarkable, however, that, while wheat thus declined in price after the harvest, the price of every other description of grain advanced: thus, barley, which had been at 38s. 11d. in March, was at 41s. 2d. in December; oats rose during the same interval from 24s. 8d. to 26s. 8d.; rye, from 39s. 7d. to 44s. 1d.; beans, from 37s. 2d. to 45s. 9d.; peas, from 39s. 9d. to 48s. 10d. Barley, beans, and peas had also all declined in price during the first three months of the year, when the price of wheat was advancing. Meanwhile, the rage of speculation in nearly every branch of trade, which had manifested itself towards the close of the last year, had attained an extraordinary height very early in this. It was in great part a repetition of what had taken place in 1808, and again in 1814. As in the former of these years the actual opening of the trade to the Spanish and Portuguese possessions in South America, so now the proposed recognition by this country of the independence of the new states into which those countries had formed themselves, and the prospect of the negotiation of advantageous commercial treaties with them, led to all sorts of extravagant investments in goods supposed to be suitable for that market. Large remittances besides were made, partly in manufactures as well as in stores and machinery, to carry on mining operations in South America, and for the loans raised here by the several states. It was expected that the returns would principally be made in the precious metals, through the increased productiveness given to the mines by the application of improved machinery and the outlay of British capital; and "so sanguine on this head," Mr. Tooke tells us, "were the views of persons otherwise well-informed, that they believed and acted upon the belief of a diminished value of gold and silver in consequence of the vast additional quantity which was speedily thus about to be raised."* Finally, an additional impulse was communicated to the prevailing mania, and to the advance of prices which it produced, by the flourishing accounts which were given by ministers, on the opening of the session of parliament in the beginning of February, both of the financial and of the economical prosperity of the country. "From these concurrent causes," says Mr. Tooke, "the speculations in goods proceeded with extraordinary activity from the close of 1824 till an advanced period of the spring following. The speculative anticipation of an advance was not confined to arti-

* History of Prices, ii. 145.

cles which presented a plausible ground for some rise, however small; it extended itself to articles which were not only not deficient in quantity, but which were actually in excess. Thus coffee, of which the stock was increased compared with former years, advanced 70 to 80 per cent. Spices rose, in some instances, 100 to 200 per cent., without any reason whatever, and with a total ignorance on the part of the operators of everything connected with the relation of the supply to the consumption. In short, there was hardly any article of merchandize which did not participate in the rise; for it had become the business of the speculators, or the brokers who were interested in raising and keeping up prices, to look minutely through the general price currents, with a view to discover any article which had not advanced, in order to make it the subject of exaggerated demand.”* It appears from a tabular statement afterwards given, that between July, 1824, and June, 1825, bowed Georgia cotton rose from $7\frac{1}{2}d.$ to $1s. 6\frac{1}{2}d.$ per pound; East India cotton from $5d.$ to $1s. 1d.$; cochineal, from $16s.$ to $24s.$; indigo, from $10s. 4d.$ to $16s.$; cinnamon, from $6s. 9d.$ to $12s.$; mace, from $4s. 8d.$ to $18s.$; nutmegs, from $2s. 8d.$ to $12s.$; pepper, from $5\frac{1}{2}d.$ to $8\frac{1}{2}d.$; tobacco, from $2d.$ to $9d.$; China raw silk, from $16s. 6d.$ to $29s. 10d.$; sugar (British possessions), from $29s. 11\frac{3}{4}d.$ per cwt. to $41s. 5d.$; white Havanna ditto, from $35s.$ to $55s.$; coffee (St. Domingo), from $58s.$ to $79s.$; salt-petre, from $19s.$ to $36s.$; tallow, from $31s.$ to $43s.$; British pig-iron, from $6l.$ per ton to $12l.$; lead, from $23l.$ to $30l.$; spelter, from $20l. 10s.$ to $41l. 15s.$ † Nearly all these articles had attained their highest price before the end of April. And, curiously enough, the exaggerated notions which were entertained of the extent of the probable demand for all sorts of commodities as compared with the supply led not only to increased importations, but also at the same time to a temporary increase of exports. The matter is thus explained by Mr. Tooke: “The reduced stocks of raw materials in this country, and the speculations thereupon, would, in most cases, be attended, in the first instance, with improved markets abroad for the manufactured goods into which those raw materials enter; and the improved markets abroad would give an impulse both to orders from thence, and to speculative shipments thither, beyond what would be found to be eventually carried off by consumption at the

* History of Prices, ii. 146.

† Id. p. 157.

advanced prices. The transactions hence arising, and the engagements consequent upon them, might be, as, in fact, they were, entered into to a vast extent, long before any effect of them could be felt in the exchanges, or in the rate of interest, or in prices, or in the state of credit.* The extravagant speculations in commodities, however, had been both preceded and outdone by those in foreign loans and in shares. Of various loans which had been negociated in this country for the continental states of Europe between 1817 and 1823, all had proved to be good investments, with the exception only of that raised for the Spanish Cortes in 1821; while the fall in the rate of interest in this country had been such that the price of the 3 per Cent. Consols rose gradually from $73\frac{1}{2}$ in April, 1823, to $96\frac{1}{4}$ in November, 1824, and the premium on exchequer bills from 10s. to 60s. in the same space, and to 68s. in January, 1825. At home, also, in 1822 our own 5 per Cents. were reduced to 4 per cent., and early in 1824 the old 4 per Cents. to $3\frac{1}{2}$. This state of things naturally disposed capitalists to rush eagerly into the market of speculation opened by the loans now proposed for the South American States. Then, under the same impulses of the state of the money market and the excited spirit that was abroad, new projects of all kinds had been started in the early part of 1824 to an extent that had not been exemplified since the time of the great South Sea delusion. "The abundance of capital," says the Annual Register for that year, "led to the formation of numerous joint-stock companies—directed, some of them, towards schemes of internal industry, others of them towards speculations in distant countries. The mines of Mexico was a phrase which suggested to every imagination unbounded wealth; and three companies—the Real del Monte Association, the United Mexican, and the Anglo-Mexican—were formed for the purpose of extracting wealth from their bowels by English capital, machinery, and skill. Similar companies were formed in the course of the year for working the mines of Chile, of Brazil, of Peru, and of the provinces of the Rio de la Plata, and for prosecuting the pearl-fishery on the coast of Colombia. So great was the rage for speculation that, in the course of a very few weeks in the earlier part of the year, the following undertakings, among others, were brought forward in London, and found subscriptions courting their acceptance:—The Alliance Fire and Life

* History of Prices, ii. 147.

Insurance Company, with a capital of five millions; the Palladium Fire and Life Insurance Company, with a capital of two millions; the British Annuity Company, whose capital was three millions; the Metropolitan Investment Company, with a capital of one million; the Thames and Isis Navigation Company, with a capital of 120,000*l.*; an Ale Brewery Association, with a capital of 200,000*l.*; a Company for obtaining from government a grant of a million of acres of land in New South Wales, and for improving the growth of wool; an Association for the cutting a Canal across the Isthmus of Darien; a Company for navigating the Thames and Isis by Steam; a new Dock Company for coals only. Many of the companies which were thus set on foot were able, or conceived that they were able, to prosecute their objects effectually without deriving any sanction or special powers from the legislature. Others of them, and particularly such as were to have the sphere of their operations at home, found it prudent or necessary to apply for private acts of parliament; so that in the month of March there were upwards of thirty bills before the House of Commons for the purpose of giving legal existence to different companies of this kind." The list of these bills, which is given in a note, is curious, as indicating the directions in which speculation and invention looked twenty years ago, and with reference to the eventual success or abandonment of the various projects which then occupied the public mind. The titles of the bills were—Manchester Equitable Loan Society; London Equitable Loan Institution, capital 2,000,000*l.*; Australasian Company; Manchester Benevolent Society; St. Katharine's Dock Company; Tunnel under the Thames from Rotherhithe; South London Docks Company (for making wet docks, warehouses, basins, &c., in and near St. Saviour's Dock, Bermondsey); Counters Bridge Creek Canal (separating Kensington from Hammersmith); St. Katharine's Suspension Bridge; Hammersmith Bridge Bill, for building a bridge at Hammersmith across the Thames to the parish of Barnes; London and Westminster Oil-gas Company; Compressed Gas Company; United General Gas-light Company; Portable Gas Company; Dublin Oil-gas Company; Phoenix Gas Company; Manchester ditto; Leeds ditto; Greenwich ditto; Margate and Ramsgate ditto; Edinburgh ditto; Aberdeen ditto; Hereford ditto; Irish Annuity Company (for lending money on annuities and other securities); Hibernian Mining Com-

pany, No. 1; ditto, No. 2; Irish Patriotic Assurance Company; Dublin Equitable Loan Society; Royal Irish Mining Company;—being twenty-nine in all. “In all these speculations,” the account proceeds, “only a small instalment, seldom exceeding five per cent., was paid at first; so that a very moderate rise in the price of the shares produced a large profit on the sum actually invested. If, for instance, shares of 100*l.* on which 5*l.* had been paid, rose to a premium of 40*l.*, this yielded on every share a profit equal to eight times the amount of the money which had been paid. The possibility of enormous profit by risking a small sum was a bait too tempting to be resisted; all the gambling propensities of human nature were constantly solicited into action; and crowds of individuals of every description, the credulous and the suspicious, the crafty and the bold, the raw and the experienced, the intelligent and the ignorant, princes, nobles, politicians, placemen, patriots, lawyers, physicians, divines, philosophers, poets, intermingled with women of all ranks and degrees, spinsters, wives, and widows—hastened to venture some portion of their property in schemes of which scarcely anything was known, except the name.”* This feverish condition of the public mind went on increasing, with only a few short intermissions, throughout the whole of 1824; and then in the early part of 1825 came those speculations in goods to which we have already adverted. The state of apparent prosperity which then prevailed is thus described in the *Annual Register* for the latter year:—“Nearly all property had risen greatly in pecuniary value, and every branch of internal industry was thriving. Agricultural distress had disappeared; the persons employed in the cotton and woollen manufactures were in full employment; the various departments of the iron trade were flourishing; on all sides new buildings were in the progress of erection; and money was so abundant, that men of enterprise, though without capital, found no difficulty in commanding funds for any plausible undertaking. This substantial and solid prosperity was stimulated to an additional extent, and was in appearance still further magnified, by the operation of the many joint-stock companies which had sprung into sudden existence in the former year. Some of these had put in motion a considerable quantity of industry, and increased the demand for various articles; and all of them at their commencement, and for some

* *Annual Register*, vol. lxxvi. p. 3.

time afterwards, tended to throw a certain sum of money into more active circulation, and to multiply the transfers of property from one hand to another. As these speculations still retained their popularity, the apparent prosperity arising from their artificial stimulus presented an imposing aspect. New companies were formed; day after day teemed with successive projects; and the shares of joint-stock companies not only sustained the absurdly high prices which they reached in the latter end of 1824, but even rose far higher.* A list is given in a note to this account, from a French periodical publication, of the joint-stock companies formed in England in 1824 and the beginning of 1825; according to which the total number of companies was 276, and their nominal capital 174,114,050*l*. Among those enumerated are 48 for railroads, with a capital of 22,454,000*l*.; 34 for metal-mining, with a capital of 24,495,000*l*.; 33 for canals and locks, with a capital of 17,753,000*l*.; 42 gas companies, with a capital of 11,110,000*l*.; 20 insurance companies, with a capital of 41,800,000*l*.; 23 banking companies, with a capital of 21,610,000*l*.; 10 companies for the cultivation of indigo, sugar, &c., with a capital of 10,500,000*l*.; besides others for working coal-mines, for navigation, for fisheries, for pearl-fishing, for agriculture, for the supply of water, for the supply of milk, for the embankment of London, for tunnels under the Thames (2), for sea-water baths, for newspapers, &c. In the 'Times' and 'Morning Chronicle' for the 23rd and 24th of January, 1825, there appeared advertisements of 36 several companies; among which were the East London and United Docks Railroad Company, the Westminster Fish ditto, the Metropolitan Loan and Investment ditto, the Royal National Bath ditto, the London Brick ditto, the British Iron ditto, the General United Coal ditto, the Surrey, Sussex, and Hants Railroad ditto, the Taunton Grand Western Railroad ditto, the London Northern Railroad ditto, the Metropolitan Alderney Dairy ditto, the Metropolitan Flour and Bread ditto, &c. In many of these projects, especially in those for carrying on mining operations in South America, the price of shares mounted about this time with a rapidity almost threatening to rival what had been seen in the year 1720. Thus, the 100*l*. shares of the Anglo-Mexican Mining Company, which were selling at 133*l*. on the 10th of December, 1824, were at 258*l*. on the 11th of January, 1825; within the same space those in

* Annual Register, vol. lxxvii. p. [3.

the Brazilian Mining Company rose from a discount of 10s. to a premium of 70*l.*, or from 99*l.* 10s. to 170*l.*; those of the Colombian from 119*l.* to 182*l.*; the instalments actually paid in each of these three cases having been only 10 per cent., or 10*l.* on the share: the 400*l.* shares in the Real del Monte, upon which 70*l.* had been paid, rose from 550*l.* to 1350*l.*, so that here an outlay of 70*l.* for a single month produced a profit of 800*l.*, which was at the rate of nearly 14,000 per cent. per annum: the 40*l.* shares of the United Mexican, upon which 10*l.* had been paid, rose from 35*l.* to 155*l.*, which was a still higher rate of profit.* But this could not go on long: the inevitable reaction and reverse began to be felt, in the market both of shares and of goods, by the end of the spring or first quarter of the year. Unexpectedly large supplies and diminished demand came at the same time; the exertions which had been made in anticipation of rising prices produced the former; the expectation now entertained of a decline of prices, the latter. As Mr. Tooke has well remarked, "the demand, on such occasions, is diminished in a greater degree than the actual consumption. When the conviction is once established that there is an approaching relief, by a fresh importation, from the existing deficiency of supply, the manufacturers and the dealers, both wholesale and retail, limit their purchases to merely what is absolutely necessary. The manufacturers work up, and the dealers and shopkeepers run off, their previously accumulated stocks, before they buy afresh; and this they do only, as it is termed, from hand to mouth. There is, in such cases, a postponement of demand, as, under the opposite circumstances of apprehended scarcity and rising markets, an anticipation of demand."† And there was also a diminished export, occasioned by the high prices to which most articles had risen. Hence an accumulation of stocks far beyond what there was any prospect or possibility of getting rid of except at a sacrifice ruinous to the holders. The recoil of markets, as always happens, was preceded by a panic and a resistance, greater or less according to the nature of the articles and of the particular branch of trade; but most articles, as we have said, began to evince a tendency downwards before the summer of this year. The reaction was first felt in cotton, in

* Such appear to be the facts, as stated, but not very clearly, in a table given in the *Annual Register* for 1825, p. [3].

† *History of Prices*, ii. 155.

which the principal over-trading had occurred; but the actual fall of prices in this and other articles did not take place till about midsummer. Between June, 1825, and January, 1826, bowed Georgia cotton fell from $18\frac{1}{2}d.$ to $6\frac{1}{2}d.$ per lb., East Georgia from $13d.$ to $4d.$, cochineal from $24s.$ to $13s. 6d.$, indigo from $16s.$ to $7s.$, cinnamon from $12s.$ to $6s.$, mace from $18s.$ to $5s. 6d.$, nutmegs from $12s.$ to $3s. 6d.$, pepper from $8\frac{1}{2}d.$ to $4\frac{1}{2}d.$, tobacco from $9d.$ to $3d.$, China raw silk from $29s. 10d.$ to $13s. 3d.$, sugar from $41s. 5d.$ to $28s. 9\frac{1}{2}d.$ per cwt., white Havannah ditto from $55s.$ to $42s.$, coffee from $79s.$ to $47s.$, saltpetre from $36s.$ to $22s.$, tallow from $43s.$ to $31s.$, British pig-iron from $12l.$ to $8l.$ per ton, lead from $39l.$ to $22l.$, spelter from $41l. 15s.$ to $26l.*$ Thus, by the end of 1825, prices generally may be said to have fallen to much about the point from which they had started eighteen months before, continuing to ascend for two-thirds of that space of time till they had attained to twice or in some cases to three times their original height. The fall therefore was accomplished in half the time that it had taken to produce the rise. The decline in the loan and share market was still more precipitous. Many, if not most, of the subscribers had nothing to trust to but the profits upon a rise of their stock wherewith to pay their instalments, or the facility of borrowing at a low rate of interest; and on the disappointment of these expectations they were obliged to sell out at any price, and the demand for investment became limited to the comparatively small number of persons actually possessed of capital or real means. Then it was found with regard to some of the foreign loans that the security was insufficient or suspicious, while all of them were of course depressed by the rise of the rate of interest in this country. "It is to be considered," writes Mr. Tooke, "that the greater part of the transfers of the original shares in the foreign loans, and in the new schemes, while the payments on them were light, and while confidence was still entire, were carried on by a medium engendered in a great degree by those very transactions; and that the profits realized or anticipated by the successive shareholders afforded a fund of additional credit, as well as of nominal capital, with which they might and did appear as purchasers of other objects of exchange. But, as new loans and schemes were successively brought forward on grounds more or less spe-

* See Table in Tooke's *Hist. of Prices*, ii. 157.

cious, all tending to the additional absorption of capital, while the increasing calls, with the high premium payable on the former loans and schemes, were beginning to press upon the shareholders, the weakest, in the first instance, would endeavour to realize without any longer finding ready buyers. A pause naturally ensued; and, under such circumstances, a pause is generally fatal to projects that do not proceed on solid grounds."* The greatest elevation of the prices of shares having been attained in January and February of this year 1825, immediately after that there ensued a pause, then a slight decline, and then a rapid fall in May and June. "The South American loans," continues Mr. Tooke, "entailed a loss of nearly the whole of the sums subscribed, there having been no dividends beyond a small part retained and paid back under the name of dividends. And the Mexican and South American mining subscriptions, with only one or two exceptions, proved to be a total loss of the capital paid. Of the other schemes, some few, which were undertaken on fair and solid grounds, survived; but a large proportion were abandoned, at a sacrifice of the greater part, if not the whole, of the deposits and first payments. The losses thus sustained were severely felt in the fortunes of individuals unconnected with trade; but they likewise entered largely into the causes of the banking and commercial failures which followed."† General distrust now succeeded to the unbounded credit and confidence which had been first produced by and had then in its turn impelled the high prices and extravagant speculation. The pressure upon the money market came first; but it was not till December that the fall of the banks began with that of the house of Pole and Co., in London, which stopped payment early in that month, after struggling with difficulties for above a week. A severe run now commenced upon other London banks, three or four more of which gave way, along with sixty-three country banks, in the course of this month. "Bank of England notes and gold," says Mr. Tooke, in a pamphlet on the currency, which he published in January 1826, and portions of which he has reprinted in his *History of Prices*, "were almost the only medium which would then be accepted in payment throughout the country; but Bank of England notes, where even they were taken as readily as gold, could not supply the chasm created by the discredit

* *History of Prices*, ii. 159.

† *Id.*

of the local paper, since the Bank had ceased to issue one pound notes; gold, therefore, was required specifically for this, as well as for the more general purposes of meeting the demand from want of confidence in the paper. The drain upon the Bank coffers for gold, for internal purposes, was, from these causes, so great, that, following a previous drain for exportation, doubts were entertained whether cash payments could be continued. Happily the public escaped the calamity of a second suspension. The contraction which had taken place in the circulating medium, by the destruction of nearly all the country paper, and the cessation of almost all transactions on credit; and the detention of sums for the purpose of increased reserves by bankers and others, was greater, perhaps, than had ever before occurred, notwithstanding that an enlarged issue of Bank of England notes had been made through the medium of extended discounts of mercantile bills; and this contraction was at length effectual in occasioning an influx of gold sufficient to place the Bank out of immediate danger. In the mean time it had issued a few one pound notes, to supply the urgent wants of the country circulation. A box containing about 600,000*l.* or 700,000*l.* of one pound notes, which had been put aside unused, had been discovered by an accident, it is said, in the possession of the Bank; and these were immediately issued in the week ending the 24th December, 1825.* While admitting, however, that the relief afforded by this issue was very seasonable, Mr. Tooke doubts whether it was so essential as has been supposed, in rescuing the Bank from suspension, the fact appearing to be that the severest part of the run for gold was over in the week preceding the issue. He goes on to describe the state of universal and severe pressure that now succeeded "the great facility which only a few months before had been experienced by speculators, projectors, and inventors of every kind, in raising whatever sums they might require at the shortest notice, and at a low rate of interest, on securities of goods, on mortgages, or on bills at whatever length of date, or on mere personal credit:" instead of all this there was now felt everywhere "an utter inability to raise money upon any but the best and most convertible securities. Goods became unsaleable, beyond the immediate and urgent wants of the consumers, so that the stocks which are usually held in anticipa-

* History of Prices, ii. 162.

tion of demand, were wholly unavailable to meet the pecuniary engagements of the holders. Thus, many merchants, having accepted bills for only half the invoice amount of wool, cotton, and silk coming to their consignment, were unable to realize even that half by sales, or by advances on the security of the bill of lading; and not only no further advances could be obtained by way of loan on the security of goods, but the advances already made were peremptorily called in. Advances on mortgage, owing to the usury law, were wholly out of the question. From the same cause, namely, the value of the use of monied capital having risen beyond the rate of 5 per cent., which has been imposed by law as the maximum, no bills, however good in point of security, were convertible, which had longer to run than ninety-five days, and which did not come within the forms prescribed by the Bank as the rule of its discounts. The different shopkeepers, retail tradesmen, and small farmers, having taken in payment in the course of their dealings the notes of the country banks which subsequently failed, were prevented from making their payments within the stipulated periods to the manufacturers and wholesale dealers; and these, consequently, were unable to fulfil their engagements, or discharge their acceptances to the importing merchants.* With regard to the state of the circulation, and the conduct of the Bank of England, Mr. Tooke has shown that down to October 1824 there was nothing to find fault with: at the commencement of that month the issues of paper did not exceed 19,000,000*l.*, and the stock of bullion in the coffers of the Bank, though it had been reduced by two or three millions since January, was still in the proportion of more than one-third to the liabilities of the establishment. "And yet," observes Mr. Tooke, "it was at this period of a currency which, looking only at the position of the Bank, was in a perfectly sound state, that the spirit of speculation, which had several months before been running riot in the share market, had extended to the markets for goods. The exchanges had indeed given way, but it was only in such a degree as had allowed of reducing the treasure, which had been of inconvenient magnitude."† It cannot therefore be said, that the speculative spirit was originally excited by any enlargement of its issues on the part of the Bank. But in the early part of October (1824), the demand for gold became more marked, the exchanges experienced a further

* History of Prices, ii. 164.

† *Ib.* p. 177.

fall, and the drain on the coffers of the Bank proceeded from that time at such a rate, that by February 1825, the quantity of bullion had been reduced by nearly three millions, as compared with its amount in the preceding October, and by five millions as compared with its amount in February of the preceding year; and at this singularly chosen moment the circulation was enlarged by about a million: the securities being at the same time increased by no less an amount than six millions, a proceeding which would of necessity have led to a still further extension of the circulation if there had not taken place a great increase of the revenue, which reduced the amount of the deficiency bills. The circulation, which had been 19,736,990*l.* on the 28th of February, 1824, stood at 20,753,760*l.* on the same day in 1825; and in the course of the spring it was further increased to twenty-one millions. "This increase of the circulation," Mr. Tooke remarks, "at the precise time when the urgent necessity of a reduction of the issues, or, at any rate, of a limitation of them, was so strongly indicated, could not fail of promoting, although it had not excited, the tendency which then existed to extravagance of speculation. It is very possible that, by the utmost practicable contraction, the Bank might not have been able effectually to repress the spirit of speculation, the motives to which were then so powerful; but the misfortune was, that not only did the Bank not do what was practicable to check, but it did the very reverse, it actually added to the existing facilities. The Bank had not kindled the fire, but, instead of attempting to stop the progress of the flames, it supplied fuel for maintaining and extending the conflagration."* While it is contended, however, that there can be no reasonable doubt of the great error committed by the Bank in having thus extended its circulation instead of contracting it, between the summer of 1824 and the end of April, 1825, it is admitted that, in the position of difficulty in which it had thus placed itself, there was presented to it a choice only of evils; "and," it is added, "it may fairly be questioned whether, in being passive, or nearly so, as it was, or, in other words, in preserving the securities nearly uniform as was the case in the interval from April till the autumn of 1825, and allowing the public to operate on the bullion and deposits, the Bank did not adopt the lesser evil."† Between the end of March and the end of September the

* History of Prices, ii. 179.

† Ibid. p. 181.

circulation was reduced by little more than a million; and the average in the two quarters ending in June and September was only about half-a-million less than it had been in the last quarter of 1824. After this, a heavy drain commenced upon the Bank, principally, it is probable, for the purpose of supplying gold to the country banks, which were now beginning to experience a severe run. On the 24th of December the treasure was reduced to 1,027,000*l.* (namely, 426,000*l.* in coin, 601,000*l.* in bullion), which was considerably less than it had been at the time of the suspension in February, 1797. This was the lowest point to which the stock of gold and silver was brought; but the succeeding was the week of greatest alarm and excitement. In the course of that week the directors applied to the government for a new cash restriction, declaring their belief that they were likely to be run dry; but ministers firmly declined to interfere. On the morning of Monday the 19th, a fresh supply of bullion was obtained, and additional supplies came in in the course of the week; but the assistance that was procured in this way probably would not of itself have been sufficient to prevent a stoppage. In his evidence before the Committee on the Bank Charter, in 1832, Mr. Richards, who had been deputy governor of the Bank in 1825, after stating that on the night of Saturday the 17th, they were expecting gold on the Monday, added, "But, what was much more important, whether from fatigue, or whether from being satisfied, the public mind had yielded to circumstances, and the tide turned at the moment on that Saturday night." In the course of the next week the directors adopted what Mr. Tooke describes as "the bold, and somewhat empirical, but (as it turned out to be successful) the salutary measure of enlarging their issues by discounting freely at five per cent. (to which the rate had been recently increased) all mercantile paper that had any pretensions to security."* This they were enabled to do by the exchanges having previously taken a decidedly favourable turn. In the course of the month of December the issues of Bank paper were gradually increased from 17,477,290*l.* (at which they stood on the 3rd) to 25,709,410*l.* (on the 31st). The discounts had been increased to the extent of four or five millions, and exchequer bills had been purchased in the market to that of two or three millions. The official value of the imports in this ex-

* History of Prices, ii. 186.

traordinary year rose to 44,137,482*l.*; that of the exports was reduced to 56,335,514*l.*; that of the British and Irish produce and manufactures exported being 47,166,020*l.* But, notwithstanding the diminished quantity of these last, the rating according to real value was increased by the general rise of prices to 38,870,851*l.* The real value of the home produce exported this year to Central and South America was 6,425,715*l.*, or three times what it had been in 1816; and it had been regularly increasing, without the exception of a single season, for the last six years.

1826.—The commercial history of the year 1826 naturally commences with the sequel and conclusion of the panic which had begun in the money market in the end of the preceding year. Few mercantile failures of much importance took place, at least in the metropolis, till towards the end of January. It was not till then that the bills and other obligations of the commercial community which had originated before the suspension of credit and confidence began generally to become due. A large proportion of these bills, both inland and foreign, was discounted by the Bank of England in December and the early part of January; and this accommodation, besides enabling the holders to make their immediate payments, also afforded further relief by the extended issue of Bank paper, which in some degree supplied the vacuum occasioned by the paralysis of private credit. "But," continues Mr. Tooke, writing during the progress of the events which he describes, in a postscript to a subsequent edition of his pamphlet, published at the end of February, "when the bills become due, and there is no longer a facility of renewing them, the acceptors are unable to meet their payments, either because they have not received the remittances which they expected from abroad, and, although possessed of property, cannot immediately convert it by sale or pledge, or because, though solvent when they gave their acceptances, they have ceased to be so by the further fall of prices, or by the failure of their debtors." The failures of mercantile firms have accordingly, for some weeks past, occurred to a vast and alarming extent. Many, if not most, of these houses have been large shippers of goods, for which they had given their acceptances to the manufacturers. The losses thus sustained by the manufacturers are aggravated by the great fall in the price, and the stagnation of demand for their goods, resulting from the over-importation of the raw material, and from the previous successive speculative exports

of the manufactured articles with which the foreign markets have been glutted. The speculative demand, too, in last spring, occasioned our own shop-keepers, both in town and country, to stock themselves more largely than usual. Many of these have contributed of late to swell the lists of bankrupts; and such of them as have not failed are, both from necessity, and from the opinion of future cheapness, going in the opposite extreme of running their stocks to the lowest amount consistent with the preservation of their business.* The number of bankruptcies, which had risen from 65 in September, and 82 in October, 1825, to 142 in November, and 224 in December, and the total number of which in that year had been 1108, was 287 in January 1826, in February 264, in March 219, in April 342, in May 225, in June 218, and upon the whole year, 2583. The pressure arising from this state of things, too, was severely felt by the labouring classes, in the want of employment and the reduction of wages, in addition to their losses in being holders of the notes of the country banks that had suspended payment. But, even without taking this last feature into consideration, which was distinct from and over and above what had been experienced in 1793, Mr. Tooke is inclined to think that the derangement and distress now suffered would be found to exceed what had been felt in that year, both in extent and intensity. As had been done then, ministers had been strongly urged to assist the mercantile community by an issue of exchequer bills under a commission; but this expedient they firmly refused to adopt. They prevailed upon the Bank, however, with much difficulty, to agree to make advances to an extent not exceeding 3,000,000*l.*, on the security of goods. But by this time, in fact, confidence was already in a great measure restored—at least, “the confidence,” to quote Mr. Tooke’s expression, “that was most required by the holders of goods, namely, the confidence on the part of buyers that prices were no longer upheld by undue credit;”—and the whole amount of the advances actually made by the Bank was under 400,000*l.* Of this sum, Manchester received 115,490*l.*, Glasgow 81,700*l.*, Sheffield 59,500*l.* Liverpool 41,450*l.*; and smaller sums went to Huddersfield, Birmingham, Dundee, and Norwich. “After the clearance,” concludes Mr. Tooke, “which had been effected in the latter part of 1825, and in the early months of 1826, of the unsound part of the banking

* Quoted in *History of Prices*, ii. 167.

and commercial credits, which had been engendered by an undue degree of confidence, and of the spirit of enterprise, in the immediately preceding period, trade and manufactures resumed their wonted course, and hardly any trace remained at the close of 1826 of their having been disturbed in their progress.* There was, however, another sudden increase of bankruptcies towards the end of the year: the number rose from 130 in October to 241 in November, and 212 in December. A rather cold and dry spring had been followed by a steady course of warm and brilliant weather, from the end of May to the beginning of September, and the harvest had been remarkably early, had proved to be of rather more than average quantity, and had been secured in the best condition. The average price of wheat fell from 60s. 3d. in January to 55s. 7d. in March—partly, it may be, in consequence of the prevailing want of confidence and the great pressure for money. but more probably owing to an apprehension which was then entertained that government, as had been done in the preceding spring, intended to liberate the wheat in bond at a low duty. Upon a declaration made by ministers in parliament that they had no such intention, the average price rose again in April to 59s. 8d. The prices of food in general, however, keeping high, and the sufferings and loud complaints of the working classes, who had broken out in some of the manufacturing districts into acts of violence, having occasioned considerable alarm or uneasiness, ministers, on the 1st of May, notwithstanding their previous declaration, proposed to parliament the release of all the corn then in bond, and, further, asked for discretionary powers to admit foreign grain to the extent of 500,000 quarters in case of the coming harvest proving unfavourable; intimating, at the same time, that a great relaxation of the existing corn laws would probably be proposed in the next session. These circumstances, and the result of the harvest, had the effect of keeping the price of wheat at a low range for the rest of the year; the average having fallen to 54s. 5d. in October, and being still only 55s. 8d. in December. Other grains, however, had suffered from the drought; and, although by an order in council dated the 1st of September foreign oats were admitted at a duty of 2s. per quarter, and peas and beans at a duty of 3s. 6d., the prices of these descriptions of agricultural produce all continued higher throughout this year, during

* History of Prices, ii. 170.

a restricted state of the circulation, than they had been during the enlarged circulation of the spring of 1825. The official value of the imports this year fell to 37,686,113*l.*, or nearly to what it had been in 1824; and that of the exports to 51,042,021*l.*, which was a lower point than it had reached since 1820. The real value of British and Irish produce and manufactures exported was only 31,536,724*l.*, which was less than it had been since 1811, or in any year of the century, that only excepted. The principal falling off was in the exports to the United States, from 7,018,934*l.* to 4,659,018*l.*; in those to Central and Southern America, from 6,425,715*l.* to 3,194,947*l.*; and in those to British North America and the West Indies, from 5,847,287*l.* to 4,601,072*l.*

1827.—As soon as Parliament met this year, in the beginning of February, ministers gave notice of their intention to bring forward their new corn law; but after the question had been delayed for a few weeks, first, by the paralytic attack which terminated the political life of Lord Liverpool, and then by the illness of his successor, Mr. Canning, it was withdrawn early in June, on an important amendment being carried against the Government in the House of Lords; and all that was done was to pass a short act late in the session allowing all foreign grain warehoused before the 1st of July to be admitted for consumption, on payment of certain duties, till the 1st of May 1828. The spring and summer had not been quite so promising as those of the preceding year, and the harvest was late; but the produce of all sorts of grain was a full average as to quantity. The wheat, however, proved very inferior to that of 1826 as to quality. The average price of wheat had gradually risen from 53*s.* 6*d.* in January to 59*s.* 6*d.* in July; after which it fell to 57*s.* 11*d.* in August, and to 55*s.* in September; and then, when it was found that there was no prospect of any farther advance of price, nearly all the wheat and flour in bond, amounting to nearly 600,000 quarters, was entered for consumption under the new act. The effect was, that the decline of prices went on at an accelerated rate, till in December the average price of wheat had fallen to 50*s.* 2*d.* "But this fall took place," observes Mr. Tooke, "not only without any coincident contraction of Bank issues, but was accompanied by an increase of them. Credit had been restored, and the general circulation had been consequently greatly enlarged, more especially as compared with the autumn of 1825, when the prices of wheat and of corn generally were from 20 to 30 per cent.

higher than in the last six months of 1827.”* The Bank had now again reduced its rate of discount to 4 per cent.; and the range of general prices continued low, with a tendency to a still farther decline in many instances. Altogether the quantities of foreign grain and meal admitted for home consumption in 1826 and 1827 had amounted to not less than 5,083,659 quarters. “If the law of 1815,” continues Mr. Tooke, “had been rigidly enforced, and if the relaxation of it, by the admission of foreign corn into consumption in 1825, 1826, and 1827, had not taken place, the price of wheat in 1826 and 1827 must inevitably have ranged from 70s. to 80s., supposing the public to have submitted to so grievous a monopoly price. Thus, while all other productions were at greatly reduced prices, and still falling, we should have seen the prices of corn rising, so as to constitute a severe dearth. And no possible ingenuity could in that case have reconciled the state of the corn markets with the state of the circulation, consistently with the operation ascribed by the currency doctrine to Peel’s bill.”† The official value of the imports rose again this year to 44,887,774*l.*, which was higher than it had ever before been; and that of the exports was 62,050,008*l.*, which was a still greater excess above the amount of any former year. Of this sum not less than 52,219,280*l.* is set down to the account of British and Irish produce and manufactures, implying a quantity considerably greater than twice that exported at the commencement of the century. Yet such had been the reduction of prices since then, or even since a much more recent date, that the real value of this unprecedented quantity of home produce exported was only 36,860,376*l.*, or but a trifle more than that of the quantity exported twenty years before, which was represented by an official estimate of no more than 23,391,214*l.*‡ This year the real value of the exports to the United States was again 7,018,272*l.*, or as high as it had been in 1825, and higher than it had been in any other year since 1818.

1828.—A bill for regulating the importation of corn, constructed upon the same principle with that which was lost in the last session, but with an arrangement of duties somewhat more favourable to the home grower, was this year brought

* History of Prices, ii. 139.

† Ibid.

‡ In one of Mr. Porter’s tables, indeed, (that given at p. 98), the real value of the British and Irish produce and manufactures exported is stated at somewhat less in 1807 than in 1827.

forward by the ministry of the Duke of Wellington, which had succeeded that of Lord Goderich, and was carried through both houses of Parliament with little or no difficulty. It established what has been called the sliding scale; by which the duty was made to vary according to the price in the home market, ranging from 24s. 8d. upon the imperial quarter of wheat when the home price should be 62s., down to 2s. 8d. when the price should be 72s., a nominal duty of 1s. being payable when the price should be at or above 73s. The prices of agricultural produce continued at a low range during the spring and summer of this year, the average price of wheat having only risen to 55s. 3d. in May, from which it receded again to 54s. 9d. in June, and to 54s. in July. But the weather now became very wet and stormy, and, although the appearance of things improved in the latter part of August, the crops proved to be both deficient in quantity and indifferent in quality. In these circumstances, the average price of wheat mounted rapidly in the latter part of the year, and rose to 73s. in November, upon which the ports became open under the new law at the lowest duty. In December, the average was still 71s. 8d. The rise, which was accompanied by a fall in the prices of butchers' meat, and also by a reduction of the issues of the Bank, would have been still greater, had it not been for the surplus of the last harvest having turned out to be larger than was supposed, the deficiency in the new crop having proved not quite so great as had been apprehended, there having been a great increase in the importation from Ireland, and large supplies having also come from abroad, especially from Spain, from which country alone between 200,000 and 300,000 quarters of grain were received in the winter of 1828-9.* Altogether, the foreign wheat admitted for home consumption between the harvest of 1828 and that of 1829, amounted to about 850,000 quarters. Meanwhile, the prices of most other descriptions of produce continued to decline, or at least to keep low. The foreign trade of the country also remained nearly stationary; the official value of the imports for the year being 45,028,805*l.*; of the exports, 62,744,000*l.*, including 52,797,455*l.* for British and Irish produce and manufactures—which quantity, however, though a little higher than that exported in 1827, is rated at a somewhat lower value, 36,483,328*l.*, thus bearing evidence to the general decline of prices. The most

* Tooke, *Hist. of Prices*, ii. 196.

material variations from the preceding year were that the amount sent to the United States was reduced to 5,810,315*l.*, and that sent to Central and South America increased from 4,004,319*l.* to 5,486,005*l.*, which was greater than it had ever been, excepting only in the two years 1824 and 1825, and nearly as great as in the former even of those years.

1829.—Mr. Tooke's account of the season and crops of this year is as follows:—"The winter of 1828-9 was colder than the preceding winter, but was not marked by any character of severity. The spring following was rather backward, but not remarkably so; the summer and autumn, however, were wet and cold, and the harvest was much protracted by the unsettled weather which prevailed during the whole progress of it. The crops, although ill got in, and, as the event proved, deficient in quantity, and inferior in quality, were hurried to market at the close of 1829, and the averages were in consequence much depressed, having at the close of the year got down to 55*s.* per quarter for wheat. This depression of the corn markets between the close of 1828 and the winter of 1829-30, to the extent of upwards of 20*s.* per quarter on wheat, short as was the duration of the fall, was, while the depression lasted, felt very severely by the farmers, more especially those of the heavy clay lands. The produce of these was very deficient in quantity, and very inferior in quality, and got in at a very heavy expense. And those farmers who, whether under the influence of necessity or of opinion, hurried their corn soon after harvest to market, were obliged to submit to ruinous sales: a large proportion of the wheat so hurried to market being damp and in bad condition, as well as inferior in quality, was, at the close of 1829, and through January and February 1830, sold mostly under 50*s.*, while the very small proportion that came to market in a dry condition, and of good quality, fetched from 70*s.* to 75*s.*, and fine foreign was worth 80*s.*."* A large quantity of foreign grain had been admitted for home consumption in July. The official value of the total imports this year was only 43,981,317*l.*; but that of the exports rose to 66,835,443*l.*; and of this sum the British and Irish produce and manufactures amounted to 56,213,041*l.*, or nearly a thirteenth more than in the preceding year. Yet such had been the continued downward movement of prices, that the real value of this larger quantity was estimated at only

* History of Prices, ii. 197.

35,522,627*l.*, or very nearly a million less than the value put upon the exports of 1828.

1830.—The winter of 1829-30 was the most severe of any since 1813-14. Under the apprehensions thence excited, and the clearer evidence of the deficiency of the last harvest, the average price of wheat rose from 54*s.* 4*d.* in January to 62*s.* 11*d.* in April, and above 300,000 quarters of foreign wheat were admitted for home consumption at a duty of 20*s.* 8*d.* per quarter. Prices, nevertheless, continued to rise, so that by August the average was 70*s.* 5*d.*, upon which the duty fell to 2*s.* 8*d.*, and about 1,400,000 quarters of foreign wheat were thrown into the market. This brought down the average for October to 60*s.* 10*d.*; but, the crop having proved to be decidedly deficient, prices almost immediately rallied again, and rose in December to 64*s.* 10*d.* While the cost of food was thus increasing, however, that of almost all other articles still continued to diminish; and trade, whether more or less profitable than heretofore, was carried on upon a rapidly enlarging scale. The official value of the exports this year was 46,245,241*l.*; and that of the imports 69,691,301*l.*, including not less than 61,140,864*l.* for British and Irish produce and manufactures, the real value of which, however, was estimated at only 37,927,561*l.*, indicating a still lower state of prices than in the preceding year. The real value of the exports to the United States was now 6,132,346*l.*

1831.—The continued high price of food had produced serious disturbances among the agricultural labourers in various districts of the country, which lasted through the winter of 1830-31. A spring of no marked character was terminated in May by a frost of very unusual severity for that season of the year, and the wheat crop was supposed to have sustained great injury from that cause. During the summer the weather was rather wet, and throughout the harvest complaints were general that considerable mischief had been done by mildew and in other ways. In February the average price of wheat had risen to 71*s.* 10*d.*; and, although the large importations from abroad kept down the markets, it was still 61*s.* 11*d.* in August. It was soon found, however, that the crop, inferior as it was in quality, was not so deficient in quantity as had been supposed, and that there was a stock in hand more than sufficient to last till the next harvest. "As the impression to this effect gained ground," says Mr. Tooke, "the markets gave way,

and the inferiority of the wheat operated not only in depressing the averages, but in deterring speculation, the quality being of a description unfit to hold over, at the risk of coming into competition with a new crop of better quality.”* In these circumstances the average price of wheat fell by the end of the year to 58s. 3d. The official value of the imports this year rose to 49,713,889*l.*, and that of the exports was 71,429,004*l.*; but of the latter sum the British and Irish produce and manufactures amounted only to 60,683,933*l.*, the real value being only 36,839,738*l.*, an appreciation again indicating the continued fall of prices. To the United States the imports of home produce and manufactures this year amounted to 9,053,583*l.*; but those to Central and South America fell off, as compared with the last year, from 5,188,562*l.* to 3,615,969*l.*

1832.—The prices of grain continued pretty steady throughout the early part of 1832, with a tendency to rise, produced by some slightly unfavourable appearances in the weather on one or two occasions; but the harvest proved abundant, and then the average price of wheat, which had been 61s. 5d. in July, began to descend, and by October had fallen to 51s. In December it was 52s. 6d. A considerable increase in the importations from Ireland, as compared with those of the two last years, had also assisted in producing this result. On the whole, in the five years ending with 1832, the quantity of foreign and colonial wheat and flour admitted for home consumption had been not less than 5,725,221 quarters; and the quantity of foreign and colonial grain of all descriptions and meal had been 8,894,424 quarters. Yet the average price of wheat during these years had been as high as 61s. 2½*d.* per Winchester quarter, or per imperial quarter 63s. 2½*d.*† Mr. Tooke has collected a number of important facts, which prove the low and continually descending prices of commodities generally throughout these same five years. From a table which he gives of “some of the principal instances of the greatest depression,” it appears that in 1828, tin in bars was at 73*l.* 10s. per ton; that in 1828-9 bowed Georgia cotton was at from 5¼*d.* to 6¼*d.* per lb.; that in 1829 St. Domingo coffee was at from 31s. to 33s. per cwt.; that in 1831 Virginia tobacco was at from 2¼*d.* to 6*d.* per lb., white Havannah sugar at from 26s. to 34s. per cwt., British copper in cakes at

* History of Prices, ii. 202.

† Id. pp. 204-5.

from 86*l.* to 88*l.* per ton ; that in 1832 indigo (East India superior) was at from 4*s.* 10*d.* to 6*s.* per lb., and British lead, in pigs, at 12*l.* 10*s.* per ton. In 1832-3 British iron, in pigs, fell to from 4*l.* 10*s.* to 5*l.* 5*s.* per ton. "Many other articles," it is added, "such as wool, silk, flax, tallow, likewise experienced their greatest depression at different periods in this interval, while corn was at a high range."* In all these cases the low price was the consequence of a supply exceeding what had been previously realized or anticipated. "Thus," says Mr. Tooke, "cotton, of which it was supposed, at different stages of its fall for some years before, that the supply could not be kept up without an advance of price, continued to increase in quantity at less than half of what had been then said to be its lowest cost of production. The same, although not in so great a degree, was the case with silk and flax. Of indigo, the stock on hand had accumulated, at the close of 1830, to an extent much beyond the estimated rate of consumption. The increase of supplies of coffee from Java, Brazil, and St. Domingo, till the close of 1830, was on such a scale as greatly to outrun the rapidly increasing consumption of Europe The fall in sugar and other colonial produce was fully accounted for on similar grounds. Of iron, it is notorious that during the interval under consideration, the extension of furnaces, and the application of increased powers of machinery, had caused such an augmentation of supply as had greatly outrun an increasing rate of consumption. In the case of lead, tin, and copper, there was not only an increase in the produce of our own mines, by the application of increased power and improved processes, but a competition in the export trade with foreign sources of supply ; for instance, lead from Spain, tin from Banca, and copper, not only from Russia, but from South America and Cuba."† The greater part of this period was, in consequence, a time of great pressure among the importers, the manufacturers, and the mining interests ; and another branch of business that suffered severely was the private East India trade. The bankruptcy of the great House of Fairlie, Fergusson, and Co. at Calcutta, which occurred early in 1830, was followed in the course of a short time by the fall of four or five more of the principal banking and commercial establishments of that city. It is said that the amount of the liabilities of the houses which failed at Calcutta between 1830

* History of Prices, ii. 210.

† Id. p. 212.

and 1832 was not much under fifteen millions sterling. In a few instances, the India houses also brought down their immediate connexions in England; but, after all, the effect was not felt in this country to an extent corresponding with the enormous scale upon which the business of the Calcutta establishments had been conducted. In this year 1832 the total official value of the imports fell again to 44,586,741*l.*; while that of the exports rose to 75,071,571*l.*, of which the British and Irish produce and manufactures amounted to 65,026,702*l.* But, although the quantity of such produce and manufactures exported was thus actually a twelfth greater than in the preceding year, the real value, such had been the continued decline of prices, was considerably less, being only 36,133,098*l.* The principal difference in other respects between the two years was, that the exports to the United States this year amounted only to 5,468,272*l.*

1833.—An open and wet winter had been followed this year by a wet spring and a very hot summer, which gave rise to some apprehensions that the drought, after parching and thinning the growing corn, might be succeeded by heavy rains to injure it still more during the season of ripening and gathering in. At the same time a committee of the House of Commons which on the complaints of the farmers and landlords had been appointed early in the year to inquire into the state of agriculture, produced a report which laboured to show that the cultivation of land was diminishing, and that the quantity of corn produced at home would probably be found insufficient for the consumption of the country. But these causes had only a very temporary effect in arresting the fall of prices. The average price of the quarter of wheat, which was 51*s.* 1*d.* in January, and 51*s.* 6*d.* in June, rose to 53*s.* 2*d.* in July, and to 53*s.* 5*d.* in August; but, after the harvest was got in and the crops were found to yield well, it fell again to 50*s.* 4*d.* in October, and to 47*s.* 10*d.* in December. Meanwhile, the prices of most other commodities, according to what usually happens, had begun steadily to recover from the extreme point of depression to which they had been brought down by the progressive decline of the preceding five years. A large mass of important information was collected by another committee of the House of Commons appointed this year to inquire into the state of manufactures, commerce, and shipping; and from the examinations taken by this committee, to quote the summary of the Historian of Prices, “instead of general distress

in the trading community, bordering on universal insolvency, which might be inferred from the statements of the movers for the committee in the House of Commons, it came out, on evidence the most unquestionable, that the trade and manufactures of the country were in a remarkably sound and healthy state; that they were carried on with adequate capital and reasonable returns; and that there was a general confidence in the prospect of improving markets for all the great staple articles, both of export and import.* The only evidence of an opposite character was given by persons in the iron and the brass foundry trades, by those connected with some particular branches of manufactures, and by others belonging to the shipping interest. The iron trade, in consequence of superabundant production, was undoubtedly, as has been seen, in a state of great depression at the close of 1832; but even here, the supply having been reduced, prices were already in the spring of the present year beginning to improve. "Of the few other witnesses in particular branches of manufacture," as Mr. Tooke observes, "the evidence was chiefly of the inadequateness of the returns in their own business, but affording no presumption of means of information of the general state of even their own peculiar branch of industry."† Upon the subject of the evidence given by the ship-owners, whose object was to attribute all sorts of mischief to the late Reciprocity of Duties Act, we may refer to a detailed examination of its allegations and conclusions which we had occasion to lay before the public shortly after the appearance of the committee's report, and which will be found completely to bear out Mr. Tooke's assertion that the statements of the witnesses purporting to show that the business of ship-owning had constantly since the war been carried on at a loss "were and are perfectly fallacious."‡ Both this report and that on the state of agriculture, moreover, proved that all classes of the working population, with the exception only of the hand-loom weavers, were at this date in the enjoyment of a degree of comfort, the result of the combined influence of plenty of employment and moderate prices of food and other articles of consumption, such as they certainly had not experienced since the close of the war, unless perhaps during only the years 1821 and 1822. The total official value of the imports this year was 45,952,551*l.*; that of

* History of Prices, ii. 242.

† Ibid. p. 248.

‡ See article on "The Shipping Interest" in Companion to the Newspaper, No. xiv. (Feb. 1834), pp. 4-12.

the exports rose to 79,823,092*l.*, including British and Irish produce and manufactures to the amount of 69,989,339*l.* And of the latter quantity of goods the real value is now set down at 39,331,413*l.*, an appreciation which will be found to indicate no longer any diminution of prices, but rather a rise, as compared with the preceding year. The real value of the exports to the United States had now also risen again to 7,579,699*l.*

1834.—This season was in most respects very similar to the last. Another mild and open winter was followed by a forward spring and a hot summer, and the crops were well got in and proved remarkably productive. Accordingly, although barley and oats, beans and peas, had been somewhat affected by the dry weather of the early part of the summer, and maintained a higher relative range than usual, wheat continued to decline progressively throughout the year, till the average price had fallen by December to 39*s.* 6*d.*, which was a lower point than it had reached since the end of 1822. Nor did the prices of other commodities in general manifest as yet any decided tendency to rise. There had been a speculative advance in the prices of colonial produce in the spring of 1833, but it was not maintained; and throughout the remainder of that year and the whole of this the markets for goods were at no time either decidedly excited or depressed. "The main feature of those years," says Mr. Tooke, "was, that, while the prices of provisions were falling, in consequence of the abundance of the harvest outrunning the utmost increase, great as that was, of the consumption, such was the extension of demand for the great staple articles of manufacture both for the home and foreign trade, that, large beyond precedent as had been the importations of cotton, silk, flax, and wool, the stocks of these raw materials in the hands of the dealers and manufacturers, instead of accumulating, were undergoing a progressive reduction. Among the greater number of the manufacturers the orders on hand exceeded what could be executed within the time prescribed. New mills were in the course of being constructed, but could not come into operation fast enough to meet the great and increasing demand for wrought goods. And, while this great activity was observable in the manufacturing districts, there arose a very brisk demand for the products of the mines. The greatest advance of price was in the article of lead. Copper and tin likewise experienced a considerable improvement; but the advance in iron was the most important, as embracing

the largest amount of capital, and giving, next to coals, the greatest employment to labour. But, although the prices of raw materials, including the metals, experienced more or less of improvement in that interval, there was no such excitement in the market for goods as entailed anything like an apparent wildness of speculation. The advance of prices was in hardly any instance that can be pointed out greater than was fully warranted, on fair mercantile grounds of reasoning, by the reduction of stock. Nor were goods to any extent held speculatively. The immense arrivals, for instance, of cotton were sold and delivered to the manufacturers as fast as they came to hand. Such likewise was the case with silk, and most other of the raw materials.* The official value of the imports this year rose to 49,362,811*l.*; that of the exports to 85,393,586*l.*, of which the British and Irish produce and manufactures amounted to 73,831,550*l.* The real value of such produce and manufactures, however, was only 41,288,526*l.*, which would betoken a general state of prices, if there was any difference, rather lower than that of the preceding year. The greatest increase was in the exports to the south of Europe, which had in 1832 been only 5,686,949*l.*, and in 1833 only 6,298,200*l.*, and were now 8,501,141*l.*

1835.—The winter of 1834-5, and the spring and summer that followed, again bore a strong resemblance to the preceding two seasons, except only that three or four days of very heavy rains, accompanied by high winds, in the end of June, came and laid the crops to a great extent, and so completely that they scarcely any where afterwards recovered their upright position, notwithstanding the warm and dry weather that immediately returned and continued without further interruption till they were gathered in. But after all the harvest turned out at least an average one. "The crops," says Mr. Tooke, "throughout the kingdom were secured in the best possible order, and fit for immediate use; and, coming thus early to market, they entailed a ruinous competition with the old wheats, of which the stock was unusually large, and in respect of which the holders began to despair of benefit by keeping any longer. Under these circumstances the markets naturally declined; and nothing can more clearly show the strength of capital still remaining among the farmers than that the pressure, and the conse-

* History of Prices, ii. 152.

quent decline of prices, were not greater than they proved to be.* The average price of wheat, after having fallen to 37*s.* 10*d.* in April, rose to 41*s.* in July, but had sunk again to 35*s.* 4*d.* by the end of the year, being little more than a fourth part of what it had been at the close of the last century, not so much as a fourth of its amount for some months in the first years of the present, and less than it had ever been since 1762, unless perhaps for a short time in 1779, in which year, however, the price at Lady-day, the price at Michaelmas, and the mean price for the year, were all somewhat beyond this average price for the month of December, 1835. The prices of other commodities, however, had now generally begun to manifest a decided tendency to ascend. Instead of over-production, insufficient production had now become the evil which excited apprehension. "Accordingly," says Mr. Tooke, "there was a general feeling of confidence in an eventual higher range of prices than had recently prevailed; and engagements were entered into for extended importations, whether by orders for purchases abroad, or by advances on consignments. The arrangements with this view were in either case attended with the lodging of credit to an unusual amount. And not only were credits to an unusual amount granted to shippers hither as well as to importers from hence, but they were also granted to several of the banking establishments abroad, in consideration of the commissions to be charged. The funds for those enlarged credits were in part supplied by outward shipments, and the increased demand hence arising contributed to the activity which was observable in all the principal branches of manufacture. But of those increased exports, a large proportion appears to have been on credit given by the shippers from this country to the importers abroad, and to those chiefly in the United States of America."† On the whole, Mr. Tooke is of opinion, that "with the exception of the partial unsoundness (which was afterwards discovered) connected with the undue enlargement of credit in some particular branches, the trade of the country may be considered to have been in a healthy and progressively prosperous state down to the close of 1835." "At the same time," he adds, "the manufacturing and mining interests were experiencing a degree and extent of prosperity perfectly unparalleled. In the cotton and silk and woolen manufactories, and in the iron and

* History of Prices, ii. 233.

† Id. p. 253.

other foundries, while the raw materials were abundantly supplied at only a moderate rise of prices, the demand for wrought goods was such, that, instead of working speculatively, a large proportion of the manufacturers had orders on hand to the utmost extent of their existing powers of machinery to supply; and it was said that in many instances orders were declined unless much more than the usual time were allowed for the execution of them.* A decided improvement had also taken place in the mining interests, especially in the lead and iron trades. Of lead, while the demand was increasing, the supply was falling off, owing to the diminished produce from the Spanish mines. Of iron, while it is believed that a considerable number of furnaces had been put out of blast between 1828 and 1833, a great increase in the consumption had in like manner been occasioned by the numerous railways that were in progress both in this country and in America; so that, although many of the furnaces that had been put out resumed their activity, and others were erected with improved machinery, prices continued to improve throughout the year. Moreover, what with the manufactories and the railroads together, the working population were in full employment at good wages; and their increased means of expenditure, with so low or moderate a state of the prices of food and of the other prime necessities of life, were evinced in the progressive increase of the revenue. Still, down to the close of 1835, "the trade of the country," Mr. Tooke holds, "although in progress of considerable extension, exhibited no signs of undue excitement; and prices of commodities, although in many instances at advanced rates, were not in any striking instance under the influence of speculation." He afterwards notes that in the interval from 1833 to the close of 1835 there was a considerable extension of the system of joint-stock banking; and that some of the most considerable of the railway undertakings were already exciting some degree of speculation. The only instance, however, of violent excitement in these three years was, he states, in the foreign stock-exchange, "where, in the spring and summer of 1835, the market for Spanish bonds underwent extraordinary fluctuations, and caused ruinous losses to many individuals."† The official value of the imports this year was only 48,911,512*l.*; but that of the exports rose to the vast amount

* History of Prices, ii. 254.

† *Id.* p. 257.

of 91,174,455*l.*, of which sum the value, thus calculated, of the British and Irish commodities exported formed 78,376,731*l.* And the real value of this latter quantity of goods was estimated at 47,020,658*l.*, an appreciation indicating a very considerable general rise of prices. The real value of the exports of home produce and manufactures to the United States rose this year to 10,568,455*l.*, which was greater than it had been since 1815. In those also to British North America and the West Indies there was an increase from 4,351,093*l.* in 1834 to 5,345,698*l.* in this year.

1836.—In the first week of this year the average price of wheat fell to 34*s.* 11*d.* the Winchester, equivalent to 36*s.* the Imperial, quarter; but at this point the downward progress, which had been going on for more than five years, was at last arrested and reversed. The crop of 1835, though a fair one, had been inferior both in quantity and quality to the three preceding; there had been recently a large extra consumption not only from the increased numbers and better circumstances of the working people, but from cattle and pig feeding, and also from malting and distilling; there had been much less wheat sown in the autumn of 1835 than in the three preceding years; and finally it was the opinion of the best judges that the appearances of the growing crop were extremely unfavourable.* In these circumstances prices began to rise, till in June the monthly average of wheat per Winchester quarter was 48*s.* 11*d.* After this, very favourable and promising weather made the markets give way for a few weeks, and then a farther fall was produced by the first reports of the yield of the crops immediately after harvest; so that by October the monthly average price of wheat had declined again to 46*s.* 4*d.* It turned out, however, that over a great part of the country, in Scotland, and throughout the north of England, the crop had been very inferior to what it was in the southern and eastern counties; while at the same time accounts came representing the corn crops in the United States to have failed to such an extent that large supplies would be required from Europe. The consequence was that a sudden rise of prices took place in the two last months of the year, and that the average of wheat for December was 57*s.* 9*d.* per Winchester quarter, being an advance of no less than 70 per cent. upon the price of December 1835. This rise of the corn markets, as Mr.

* Tooke, ii. 237, 258.

Tooke observes, "is the more remarkable, inasmuch as it occurred coincidently with a state of commercial discredit, and of great pressure on the money market." For the advance of prices in many leading descriptions of goods, that had been going on since 1833, had ere now produced the customary result. "In the early part of 1836," says Mr. Tooke, "it having appeared, by the usual returns at the close of the year, that the stocks of some articles had been reduced below the ordinary rate of consumption, a tendency to a speculative demand for them became perceptible, but not in a very marked degree. The articles that came more immediately under this description, were cotton, indigo, sugars, and silks; and an advance, greater or less, took place in each of these at different times till the summer of 1836. But, although in each of these articles there was a brisk demand, and consequent rise of markets, it was remarked at the time, that, as the demand was chiefly by the trade and for immediate manufacture or export, and as the advance did not appear to be greater than according to fair reasoning on mercantile grounds was perfectly legitimate, it could not with propriety be characterized as speculation or over-trading."* The supplies, however, that came in soon exceeded the demand; and then came a decline of prices, first slow and gradual, afterwards more precipitous. Meanwhile a great and sudden revolution had also taken place in the money market. It was towards the close of 1835 that the rapid extension of joint-stock banks first began to attract general attention, and that shares in these establishments also came to be a favourite mode of investment and of speculation. The shares of all, or nearly all, the banks formed or projected up to this date bore a premium. At the same time the success, now completely ascertained, of the Liverpool and Manchester railway, had won the public confidence, and raised the shares in the various other as yet untried schemes of the same nature. "The profits," to quote Mr. Tooke's account, "thus derived and realized, or admitting of being realized, by the subscribers to those undertakings, operated as an extraordinary excitement to this description of adventure. New lines were proposed to intersect almost every part of the kingdom, and there was actually a swarm of railway projects starting up in every direction. The rage for undertakings of this kind was at its height in

* History of Prices, ii. 264.

the spring of 1836, and numerous other projects for public companies were at the same time brought into notice. The most considerable of these were for mining purposes. And several of the projects proceeded on substantial grounds with fair prospects of success, along with many others that were absolutely worthless, and served only for the individual benefit of the projectors. But the good, bad, and indifferent, contributed to a general activity of the share markets.* In a speech delivered in the House of Commons on the 6th of May, Mr. Poulett Thomson (the late Lord Sydenham) then President of the Board of Trade, stated that he had some time before directed a register to be kept of the different joint-stock companies advertised in the London and a few country newspapers, and the amount of the nominal capital of each. The number of companies already noted down amounted to between 300 and 400, and their aggregate capital to nearly 200,000,000*l.* Among them Mr. Thomson particularized a company for making beet-root sugar, which he described as a sound speculation compared with some in the list; the British Agricultural Loan Company, with a capital of 2,000,000*l.*; a company for supplying pure spring water, capital 300,000*l.*; the Patent Steam-Paddle Company, capital 30,000*l.*; the Safety Cabriolet Company, capital 100,000*l.*; the British and American Intercourse Company, capital 2,000,000*l.*; the London Whale Fishery Company, capital 600,000*l.*; the Liverpool British and Foreign Trading Company, capital 250,000*l.* In this last and in some other instances the absurdity lay in part in the smallness of the sum proposed to be raised, for, as Mr. Thomson observed, "it is perfectly well known that it is not at all an unusual thing for an individual in Liverpool to embark 250,000*l.* in foreign trade; and there are many who have a great deal more engaged in that business." From the concurrence of the various causes that have been noticed, Mr. Tooke describes the spring of this year, 1836, as marked by "the display of a spirit of speculation, and of general excitement, which presented some resemblance to the spring of 1825, although far short of that period in extravagance, and attended with the important difference that, whereas in 1824-5 a considerable part of the speculations ran on investment in foreign loans and foreign mines, those of 1836 were chiefly, if not exclusively, directed to undertakings within

* History of Prices, ii. 276.

the United Kingdom."* The amount of bullion in the coffers of the Bank, which on the average of the three months before October 1833 had been 10,900,000*l.*, had fallen on the average of the quarter ending June 4th, 1835, to 6,150,000*l.* This reduction was attributed by Mr. Horsley Palmer, the new governor of the Bank, in a pamphlet published by him in 1837, to the effect of the loans to the governments of Portugal and Spain. "These loans," it is stated, "were going forward from July 1833 until towards the end of 1834, when the profits realized upon the daily extending engagements in the foreign stock market engendered a further spirit of speculation in almost every kind of previously neglected South American, Spanish, and Portuguese bonds, causing an enormous advance in all, and in some nearly 100 per cent. In short, until the spring of 1835, hardly a packet arrived from the Continent which did not come loaded with every sort of foreign securities for realization upon our foreign stock market."† The demand for bullion was at the same time increased by two other causes;—the first, the measures taken by the Government of the United States of America to establish a metallic currency throughout the Union; the second, the rapid increase of joint-stock banks in England and Ireland, no fewer than seventy-two of these establishments having been formed within the last two years in the former country, and ten in the latter, almost all of them having several branches. A reaction, however, took place in the foreign stock market in May 1835, and thereupon the drain on the Bank is stated to have immediately ceased; but it certainly was not till the autumn of that year that bullion began to show a decided tendency to flow back into the coffers of that establishment. The Bank, nevertheless, instead of contracting the circulation, went on increasing its securities, so that by the end of the year their amount was actually five millions greater than it had been in the month of August. And it was not till August in the present year, 1836, that the directors increased the rate of discount to five per cent. But even this measure was now found to be insufficient; and in aid of it, both all bills that were presented having an indorsement by joint-stock banks of issue were indiscriminately rejected, and "a large proportion of

* History of Prices, ii. 278.

† Causes and Consequences of the pressure on the Money Market, from the 1st October, 1833 to the 27th Dec. 1836; by J. Horsley Palmer, Esq., (quoted in Tooke's Hist. of Prices, ii. 282).

the immense amount of bills drawn from America on, and accepted by, several first-rate establishments in this country, were thrown out, without any regard to the circumstance that the acceptors were considered to be of the most unquestionable solidity.* Several of the joint-stock banks now fell into discredit, and began to stagger; and in November, the Agricultural and Commercial Bank in Ireland suspended its payments. At the same time, the Northern and Central Bank in Manchester (an establishment having about forty branches) found itself in such difficulties as to be only prevented from coming down by the assistance of the Bank of England. Meanwhile, the bullion in the coffers of the latter establishment, notwithstanding all the means that had been at last adopted to check its decrease, had again been rapidly diminishing: its amount, which on the 5th of April had been 7,801,000*l.*, had fallen by the 17th of November to 4,933,000*l.*, the decline having been uninterrupted during the seven months, and still continuing. By the 15th of December (the last return for the year), the amount had fallen to 4,545,000*l.* This was a fortnight after the determination had been taken to support the Northern and Central Bank; the continuance of the drain was chiefly occasioned by a demand for gold in Ireland; "still," adds Mr. Tooke, "with the exception of some failures in London, of no great extent, nor apparently originating in the immediate pressure of the money market, there had been thus far but little of commercial discredit."† As for prices, there was nothing like an extreme or general depression before the end of November; and even then the fall was confined to a few articles,—the most remarkable being tea, of which the importation had been large beyond all precedent; the others being chiefly sugars, cotton, silk, and flax, in regard to all of which the demand had been raised by a temporary scarcity, and naturally declined when that cause ceased. Besides corn, Mr. Tooke enumerates meat, butter, Irish provisions and bacon, oil, tallow, hemp, iron, copper, dye-woods, rum, besides many minor articles, as having been as high in November as they had been in the spring, and the greater part of them higher.‡ Such, then, was the state of things at the end of this year. The total official value of the imports for the year rose to 57,023,867*l.*; that of the total exports to 97,621,548*l.*; that of the British and Irish produce and manufactures alone to 85,229,837*l.*; all amounts far beyond

* Tooke, *Hist. of Prices*, ii. 303. † *Id.* p. 306. ‡ *Id.* p. 269.

what had ever before been reached. The real value of the British and Irish produce exported is set down at 53,368,572*l.*, implying a considerable rise of prices in general upon the whole year, as compared with the last. Of this, to the amount of 12,425,605*l.* had been sent to the United States; 6,518,744*l.* to the British North American Colonies and the West Indies; 5,955,468*l.* to Central and South America. To Asia there had also been an increase from 5,456,116*l.* to 6,750,842*l.*

1837.—The winter of 1836-7 had been preceded by a wet autumn, which had delayed, and in some cases altogether prevented, the preparation of the ground for winter wheat; it was itself in the early part of it marked by considerable severity, in the form both of frost and snow; and it was followed by an ungenial and backward spring. Accordingly, although the prices of agricultural produce fell somewhat during the earlier part of the year, last crop having been found to yield better than had been reckoned upon, a rally took place as the spring advanced; and the average price of wheat, which had been 52*s.* 10*d.* in May, was 54*s.* 9*d.* in June, 55*s.* 4*d.* in July, and 57*s.* 5*d.* in August. After June, however, the weather became on the whole very favourable; the harvest proved both earlier, and, though not large, still more productive than had been anticipated. And, above 150,000 quarters of foreign wheat having been entered for home consumption (being the only such entry since 1832), a decline began, which went on to the end of the year; the average of wheat having fallen to 54*s.* 11*d.* in September, and to 51*s.* 3*d.* by December. Meanwhile another crisis in the money market had arrived, and been passed through. From the beginning of the year doubts had begun to prevail of "the adequateness of the resources of the principal houses in the American trade, vast as those resources were known to be, to meet the enormous, the extravagant extent of their engagements."* By February the difficulties of those houses had become notorious, and in the beginning of March it was known that assistance from the Bank had been applied for, and given to three of them. By the 7th of February, the amount of bullion in the coffers of the Bank had fallen to 4,032,000*l.* The subsequent course of events cannot be better or more shortly related than in Mr. Tooke's own words:—"In January there had been a heavy failure in the silk trade. In February and March the difficulties of the

* Tooke, *History of Prices*, ii. 306.

American houses were exciting general attention, and a distrust of consequences. And, as it appeared, soon after the first assistance had been given, that further and almost indefinite advances on the part of the Bank would be required to carry the houses through their difficulties, a great and increasing anxiety prevailed on the subject among the commercial circles. The accounts from the United States of America, of great and increasing pressure on their money market, which rendered more precarious the prospect of the speedy liquidation of the sums due from thence to the embarrassed houses on this side, added to the gloom and apprehension prevailing here in the spring of that year. By the end of May, the embarrassed American houses were again driven to the necessity of applying to the Bank for further assistance; but, not having sufficient security to offer, and the previous advances already amounting to much more than had been contemplated, the application was, after much anxious deliberation on the part of the directors, finally refused. Upon the final rejection of the application, namely, on the 1st of June, 1837, the three great houses to whom the previous assistance had been granted suspended their payments. These were followed within a few days by other houses, chiefly in the same branch of trade, but on a smaller scale of engagements. The week immediately following the 1st of June, 1837, may be considered as that which is designated as the period of panic; and there was more or less of uneasiness and pressure through the remainder of the month. Thenceforward, or very soon after, there was an improved tone of commercial feeling. The great mass of doubtful paper and credit having been removed, or much reduced, the circulation was restored to a healthy state. Markets, being no longer supposed to be bolstered by undue credit, became buoyant for those articles which had been most under the influence of the previous discredit; and the general trade of the country had, by the autumn and in the closing months of 1837, revived to a considerable extent." "The influx of gold since last summer," Mr. Tooke concludes, writing in 1838, "has been more rapid than the previous efflux; and, as only a twelvemonth ago the Bank was encumbered with securities, and drained of its treasure, so it has recently become bare of securities, and its coffers overflowing."* The effect upon general prices during the pressure upon the money market had been, of course, greatest in

* History of Prices, ii. 308.

the case of those articles in which the American and other embarrassed houses were engaged. An unusually large importation of cotton was inevitably followed in the circumstances by forced sales and a fall of prices; and the failure of a great firm in the silk trade—described by Mr. Tooke as “a house which had been mainly instrumental in raising the price beyond the degree which the shortness of supply had warranted”—had a similar effect upon that article. On both cotton and silk, the fall at particular times in the spring and summer of this year, and for particular descriptions, is stated by the *Historian of Prices* to have been not less than 50 per cent. The other articles that experienced a marked decline were sugars, indigo, and iron, all of which had in like manner been previously raised by an exaggerated demand. “In some instances,” adds Mr. Tooke, “on former occasions of extensive over-trading, the manufacturers had participated in the speculation, so far as to overstock themselves with the raw material at high prices, and to be liable to severe loss upon the subsequent fall. Accordingly, in several memorable instances recorded of commercial convulsion, the manufacturers figured largely among the failures of those times. But in the recent instance the manufacturers of cotton and silk seem to have been particularly on their guard, and so distrustful of the high prices that they bought only what was strictly necessary to keep their mills from an absolute stand. Indeed, the same may be said of the manufacturers generally, the only exception that I am aware of, on an extensive scale, being those of Dundee, among whom there were very numerous failures in the course of the past year.”* The total official value of the imports for 1837 was 54,737,301*l.*; that of the exports was 85,781,669*l.*, of which the British and Irish produce and manufactures amounted to 72,548,047*l.* And the real value of such home produce and manufactures was declared to be only 42,069,245*l.*; † implying a great general fall of prices.

1838.—It eventually turned out that the crop of the last year, taken as a whole, “had not been equal in produce to the least productive of the five preceding seasons.”‡ The winter of 1837-8 was one of extraordinary rigour, and the spring that followed was cold and raw. In these circumstances the average price of the imperial quarter of wheat rose from 53*s.* 5*d.* in January to 55*s.* 5*d.* in February, and to 56*s.* 6*d.*

* *History of Prices*, ii. 272.

† *Companion to Almanac for 1840*, p. 175.

‡ *Tooke's History of Prices in 1838 & 1839*, 8vo., London, 1840, p. 7.

in March; and, although the weather in summer became moderately favourable, the low state of the stock in hand, the certain lateness of the harvest, and fears of a deficiency, maintained and continued the advance, till in August it reached 73s. 8d. For the week ending August 24th it was 77s. The duty having now fallen to 1s., all the foreign wheat in bond, amounting to about 1,500,000 quarters, was entered at once for home consumption. At the same time the early crops were all got in in good condition, and the deficiency appeared to be rather less than had been apprehended. These causes produced a temporary reaction of the markets; so that the average price of wheat for September was only 64s. 9d. But in all those parts of the kingdom where the crops were more backward, it was now found that they had suffered considerable injury, and were very deficient; and in these circumstances, the rise recommenced, till in December the monthly average reached 77s. 7d. In the last week of the year it was 78s. 4d. Eventually, the wheat crop of 1838 proved to be the most deficient of any since 1816.* Mr. Tooke thinks that the quantity probably did not exceed two-thirds of the average of the three years 1832, 1833, and 1834; and that the deficiency, on the comparison with these years, may have amounted to four millions of quarters. Between the crops of 1834 and 1838 he conceives the difference must have been between seven and eight millions of quarters, or about half the entire quantity required for the consumption of the country. The markets of other commodities during the summer of this year were mostly in a dull or even drooping state. The prices of several articles of American and West Indian produce, which had bounded up at the close of the preceding year after the depression they had suffered in the earlier part of it, had maintained the elevation so acquired only for a very short time; and Mr. Tooke describes the prevailing character of the markets for commodities (with the exception of corn) for most of this year as one of quietness, with only a tendency, towards its close, to an advance in the price of several other articles, as well as of corn, of which the supplies proved to be below expectation.† The year, however, was one of great trade. The total official value of the imports for 1838 rose to 61,268,320*l.*; that of the exports to 105,170,549*l.*, including British and Irish produce and manufacture to the amount of 92,459,231*l.* But, while the increase in quantity over the last year was thus about 28 per cent., the

* Tooke, *History of Prices in 1838 & 1839*, pp. 12, 13. † *Id.* p. 55.

real value of these goods of domestic growth and fabrication was declared to be only 50,060,970*l.*, being an increase of little more than 19 per cent. The general fall of prices, therefore, upon the whole of the one year, as compared with the other, had been very considerable.

1839.—Although the winter of 1838-9 was not characterized by any unusual severity, the spring that followed was as uncongenial and backward as the last. In the second week of January the average price of the imperial quarter of wheat had attained to 81*s.* 6*d.*; and, although from this point some extremely inclement weather about the middle of a fall commenced which brought it down by April to 70*s.* 1*d.*, May again produced a slight temporary advance. The low duty, however, liberated a large amount of foreign grain; between September 1838 and July 5th, 1839, the whole quantity entered for home consumption was about 3,300,000 quarters; this again produced a slight depression during the months of June and July; then came rainy and unsettled weather in the latter part of July and throughout August, upon which the average for August rose to 71*s.* 8*d.*; but, when the crop was got in, the yield was generally considered to be upon the whole equal to that of the last, while probably the breadth sown was increased by above a twentieth; at the same time the high prices released more flour and wheat from bond; and the consequence was that a decline now commenced, which made the monthly average for October 67*s.* 4*d.*, and for November, 66*s.* 7*d.* For December it was 66*s.* 11*d.* The fall of the average, however, Mr. Tooke affirms was principally produced by the extreme inferiority of the condition of the wheat.* Meanwhile the money market had again experienced no small pressure and derangement. The large payments for the foreign supplies of corn (amounting in the two years to about ten millions sterling) had of course depressed the exchanges; and we were at the same time farther embarrassed by the state of our financial and commercial relations with the United States of America, and also by the state of credit on the continent of Europe. We must refer to Mr. Tooke's pages for a detailed exposition of the nature and operation of these causes; it is sufficient to state here that he explains the relations with the United States as consisting in our over-importation of American state, bank, and joint-stock company securities, and the peculiar circumstances of the cotton trade as acted upon by the extravagant and un-

* History of Prices in 1838 and 1839, p. 15.

justifiable advances of the United States Bank to the planters; and the unsound state of credit on the Continent as having originated chiefly in the extent to which the system of joint-stock banking had been carried in France and Belgium, and in a general spirit of speculation and over-trading which had prevailed for some time in both these countries.* The effect was a continued drain upon the Bank of England, which reduced the treasure in the coffers of that establishment, first slowly from 10,126,000*l.* on the 3rd of April, 1838, to 7,073,000*l.* on the 2nd of April, 1839—and then rapidly from that amount to 2,522,000*l.* on the 15th of October following. On the 16th of May the directors raised the rate of discount to 5 per cent., and on the 20th of June to 5½ per cent.; the intimation which was issued on the latter day as to further advances likewise stating that such advances would be made on bills of exchange only—to the exclusion of exchequer bills and all the other usual securities. The drain still going on, on the 13th of July a notice was issued by the Bank of its being ready to receive tenders on the 17th for the purchase of the annuities called the Dead Weight, either in money or in the 3 or 3½ per cent. stocks. But nothing came of this; and about a week after it transpired that an arrangement had been made with twelve banking-houses in Paris, by which they consented to be drawn upon to the extent of 2,000,000*l.* sterling for account of the Bank of England. Finally, on the 1st of August the rate of discount was raised to 6 per cent. These measures, whatever objections may have been made to them on other grounds, had at least the effect of saving the country from the catastrophe of a suspension of cash payments, which for a time seemed so threatening: the lowest amount to which the bullion in the possession of the Bank was actually reduced is believed to have been 2,300,000*l.*; but by the 12th of November it had risen again to 2,545,000*l.*; by the 12th of December it was 2,887,000*l.*; and by the 7th of January, 1840, it was 3,454,000*l.* By this date, also, the Bank paper in circulation had been reduced to 16,366,000*l.* from 19,665,000*l.*, which it had been on the 18th of September, 1838; and from 18,049,000*l.* which had been its amount so lately as on the preceding 23rd of July, when the amount of bullion was very little larger than now. Mr. Tooke has examined the state of prices throughout this monetary crisis with his usual knowledge and full command of all the facts and circumstances of the case.† We cannot follow him

* History of Prices in 1838 & 1839, pp. 73—77. † Id. pp. 36—67.

into particulars, but his general statement is, that "the markets for produce in the summer of 1839 (subject only to the usual oscillation incidental to the supply and consumption of most articles of raw produce), after having maintained a remarkably steady tendency to advance coincidently with a progressive though slow reduction in the amount of the circulation, and with a very decided and unusual increase in the rate of interest and discount, were, with exceptions not worth mentioning, at a higher range of prices than they had been at the corresponding time of the preceding year." Mr. Tooke denies that the decline in the price of cotton which took place after the early part of the spring is to be ascribed to "the putting on the screw" by the Bank of England. "In point of fact," he observes, "the decline in the price of cotton began before any advance in the rate of interest by the Bank, and for a very sufficient reason, namely, that the manufacturers, finding that the stocks of yarn and cotton goods had, in consequence of the great additional power which had been applied, by the erection of new mills in 1836, 1837, and 1838, outrun the consumption, very naturally, and as they would and must have done in their own defence, even if the utmost facility in the money market had prevailed, determined to work short time." In this way, he adds, "they succeeded in tiding over the effects of the deficiency of the cotton crop of 1838," and were enabled, "by the return of abundant supplies at moderate prices, to be in train for resuming full work, with the restored prospect of a steady trade." The official value of the imports this year was 62,004,000*l.*; that of the exports was 110,198,716*l.*, including British and Irish produce and manufactures to the amount of 97,402,726*l.*, of which the real value was declared to be 53,233,580*l.* This would indicate that, upon a comparison of the whole of the present year with the last, prices had slightly risen.

The territory under the government of the East India Company was increased by the acquisition in 1800 of his portion of Mysore from the Nizam, in 1801 of the Carnatic from the Nabob of Arcot, and of Rohileund and the Dooab from the Subahdar of Oude, in 1802 of part of Bundelcund from the Peishwa, in 1803 of Cuttack and Balasore from the Rajah of Berar, in 1804 of Delhi and other possessions from Dowlut Rao Scindiah, in 1805 of part of Guzerat from the Guicomar. The state of the Indian trade during the earlier portion of the present period may be collected from the following figures:—The number of ships sent out by the com-

pany was 49 in 1800, 39 in 1801, and in the nine succeeding years ranged between 46 and 55. The value of merchandize exported by the company was 1,702,810*l.* in 1800, 2,116,812*l.* in 1802, 1,825,689*l.* in 1804, 2,045,527*l.* in 1807, 1,876,872*l.* in 1810. But large quantities of bullion were also sent out in some of these years, especially in 1802 and 1804, in which last year the amount was 1,933,538*l.* No bullion was sent out after 1807. The entire value of the imports from India was 10,323,452*l.* in 1800; but, as it never had been quite so large before (though it was very nearly so both in 1798 and 1799), so it has never reached the same amount again. It was 8,237,035*l.* in 1809, and 9,572,358*l.* in 1810. Of these sums the goods belonging to the company formed 7,602,041*l.* in 1800, and only 5,977,058*l.* in 1810. Meanwhile the portion of the imports belonging to the private trade, carried on by permission of the company, had been 2,382,092*l.* in 1800, 3,512,375*l.* in 1802, 1,916,101*l.* in 1809, and was 3,259,900*l.* in 1810. In the four years from 1811 to 1814 inclusive, the average annual exports of the company amounted to 2,145,365*l.*; namely, to India 1,119,514*l.*, to China 1,025,851*l.* The company's charter was renewed for twenty years in 1813 by the act 53 Geo. III., c. 155, by which the trade to India was thrown open, and only that to China left in the exclusive possession of the company. Further additions of territory were acquired in 1815 from the Rajah of Nepaul, in 1817 from the Peishwa and the Guicomar, in 1818 from the Peishwa. Dowlut Rao Scindia, and Holkar, and in 1826 from the Burmese. From the date of the renewal of the charter the annual exports to India by private traders far exceeded those of the company. In 1814 those of the company amounted to 826,558*l.*, those by private traders to 1,048,132*l.*; in 1816 the value of the company's exports was 633,546*l.*, that of those of the private traders 1,955,909*l.*; in 1819 the company's exports were 553,385*l.*, those of the private traders 3,018,779*l.*; in 1819 the company's were 760,508*l.*, those of the private traders 1,586,575*l.* In 1832 the value of the company's exports had fallen to 149,193*l.*, while that of the exports by private traders had increased to 3,601,093*l.* On the whole, however, the trade to India did not grow rapidly under the new arrangement: the total value of the exports thither, both by the company and by private traders, was 3,544,395*l.* in 1821, and was no more than 3,635,051*l.* in 1831, and no more than 3,750,286*l.* in 1832. The trade to China was also thrown open, and the powers and privileges

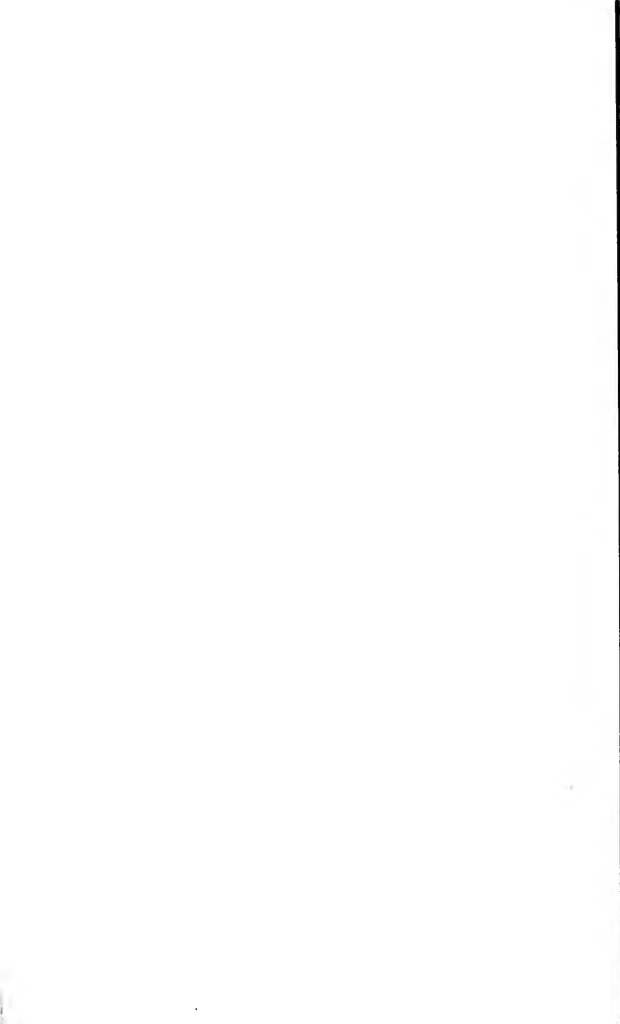
of the company as a commercial association entirely put an end to in 1833.

The preparations for the resumption of cash payments by the Bank in 1819 had been preceded by a complete reform both of the gold and silver coinage of the realm. It has been mentioned in the last Chapter, that in 1797, immediately after the suspension of payments in cash, the Bank, to assist in filling the vacuum in the circulation left by the disappearance of guineas, resorted, among other expedients, to an issue of Spanish dollars re-stamped with the king's head, which continued current till the end of October in that year. They passed for 4*s.* 9*d.* each. Afterwards the Bank coined dollars of its own, which passed for 5*s.*, till, in March, 1811, it was found necessary to recall them, and receive them back at the rate of 5*s.* 6*d.* A few months afterwards their place was supplied by an issue of three-shilling and eighteen-penny tokens, which continued in circulation till 1816. The increased value which had been attained by the Bank dollars was an evidence, and, in some degree, a measure of the depreciation which had been undergone by the regular silver coinage of the country. That coinage, indeed, many of the pieces of which that still continued in circulation were of the reigns of the first and second Georges, and were worn to little more than half their original thickness, besides having become crooked and shapeless, and lost all trace of the impression they had once borne, was reduced to such a state as imperatively to demand its suppression. It appears that whatever new shillings and sixpences had been coined from time to time had disappeared as soon as they were issued, having been converted into bullion, in which state they were more valuable than in the shape of coin. This was the consequence of the principle that had been adopted in regard to the coinage of silver, of returning to all who brought that metal to the Mint to be converted into coin a quantity of coin equal in weight to the quantity of standard silver received from them, the expense of the coining being borne by the public. In the reformation of the coinage which was at length determined upon in 1816 (on the report of a committee of council which had been appointed so long ago as in February 1798), it was resolved to abandon this principle and practice, to make gold and not silver the legal standard coin of the realm, and, by coining the pound troy weight of silver into sixty-six instead of only sixty-two shillings as heretofore, to subject the coinage of that metal to such a seignorage as would tend for the future to keep the

king's money out of the melting-pot. It was arranged also that gold (upon which no seignorage was to be imposed) should no longer be coined into guineas (or pieces of the value of twenty-one shillings), half guineas, and seven-shilling pieces, but into the new denominations of sovereigns (corresponding in value to the nominal money pound of twenty shillings) and half sovereigns. All the old silver was accordingly called in and exchanged for the new money in February 1817; and the new sovereigns and half sovereigns were issued in July of the same year. Finally, in 1819, by the act 59 Geo. III., c. 49, all the old prohibitions against the exportation of the coinage of the realm (which had long proved quite inefficient for their professed purpose, and only a source of annoyance) were repealed, and it was declared that both gold and silver coins might be freely both exported and imported, not only without payment of any duty, but even without being either reported or entered at the Custom-house. Scarcely any silver had been coined at the Mint for many years before 1816; the quantity coined in that year amounted to 1,805,251*l.*; that coined in 1817 to 2,436,297*l.*; that coined in 1818 to 576,279*l.*; that coined in 1819 to 1,267,272*l.*; making in all above 6,000,000*l.* in these four years; and there were further large coinages of silver almost in every year down to 1826 inclusive. There had been large coinages of gold in almost every year from 1790 to 1811 inclusive; the quantity of gold coined between 1790 and 1798 (both inclusive) amounted to above 17,000,000*l.*; and even in the next thirteen years, when there was no gold circulation at home, and the pieces were only wanted by the government for its foreign payments, gold was coined to the amount of between 4,000,000*l.* and 5,000,000*l.* more. There was no gold coinage in 1812, but in 1813 gold was coined to the amount of 519,722*l.* This was the last coinage of guineas. The first coinage of sovereigns, in 1817, amounted to 4,275,337*l.*; that of 1818 to 2,862,373*l.*; and gold has continued to be coined in large quantities almost every year since then. Fourpenny pieces of silver began to be coined in 1803.

THE END.







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